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Workers carrying a banner — "Warning Strike" — at a protest Friday at a Mercedes plant in Bremen.

Germans Strike, and EU Watches

By John Schmid tional Herald Tribune

FRANKFURT — Industrial workers across Germany walked off the job Friday to press demands for a steep wage increase, escalating a labor conflict that economic repercussions across Europe

The militant IG Metall trade union estimated that 220,000 members at 652 plants joined a nationwide wave of 'warning strikes'' -- stopping work for a day or less — to back up their calls for a 6.5 percent pay rise. The number of walkouts was disputed by employers.

The union, which sets wages for 3.4 million workers, reserved its biggest protests for the nation's thriving automakers. DaimlerChrysler AG. BMW AG. Andi AG, Porsche AG, the truckmaker MAN AG and the German-based factories of General Motors Corp. and Ford Motor Co. all suffered disruptions along with scores of machine-tool makers and electrical engineering

"These warning strikes will lead to said Werner Stumpfe, president of the Gesamtmetall industry trade federation, which bargains with the union on behalf of employers.

Employers cast doubt on the union's numbers, with a DaimlerChrysler spokesman saying IG Metall "definitely exaggerated" the extent of the walkout. While the union said 20,000 workers took part at the automaker's flagship plant near Stuttgart, the company spokesman said only 6,000

stopped working.
Stakes are high across Europe if the union gets its way, economists say, adding that in Europe's interconnected

U.S. Restricts Pledge to Aid Saddam's Foes

By Vernon Loeb Washington Post Service

WASHINGTON - The senior American diplomat coordinating affairs with the Iraqi opposition told 13 opposition leaders on Friday that he would promote the goals of the Iraq Liberation Act with Gulf states. But he stopped well short of committing U.S. military aid to opposition forces, American of-

ficials and opposition members said.

The diplomat, Frank Ricciardone, a senior Foreign Service officer recently named to fill a new post working with opposition forces to bring about a new regime in Baghdad, also told the leaders at a meeting in London that he would soon be joined by a planning staff that includes a retired U.S. general.

But key opposition leaders expressed disappointment after the session at Mr. Reciardone's reticence toward military aid and at remarks critical of the opposition made Thursday before the Senate Armed Services Committee in Washington by the chief of the U.S. Central Command and leader of all U.S. forces in the Gulf.

Ahmed Chalabi, leader of the Iraqi

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economy, German metalworkers could embolden unions in a parallel round of metalworker talks in Italy.

Under German collective bargaining conventions, IG Metall sets benchmarks for wages in other industries.

If the union, which is the largest in Europe, wins a generous pay raise, it could push wages higher for other un-ions, which in could turn put pressure on

See GERMANY, Page 11

the European Central Bank to delay or withhold further credit easings at a time of a slowing economy, economists "If the unions get their way, it will

not result in higher inflation but instead in higher unemployment," said Thomas Mayer, senior economist at Goldman

6 Nations Issue Utimatum To Serbia and Kosovo Rebels

For Europe, Chance to Recoup

By Craig R. Whitney
New York Times Service

PARIS - By summoning the warring parties in Kosovo virtually at gunpoint to the peace table next week, the European allies seem to be hoping to duplicate the feat of the United States in imposing a peace settlement for Bosnia in Dayton, Ohio, more than three years ago.

"Dayton," as it is referred to, rankled European sensitivities.

The chief American negotiator, Richard ANALYSIS
Holbrooke, ran roughshod over the Europeans and relegated them to the sidelines in the Bosnia talks. He also ran over President Slobodan Milosevic of Serbia, by his own account, cajoling and bullying him into agreeing to peace in Bosnia with Muslim and Croatian leaders.

Mostly, the Europeans felt humiliation because here was a conflict in their backyard in the Balkans and a chance to show they could take care of such things themselves in the post-cold war era, and they blew it. The Europeans let themselves be drawn into a huge but hapless United Nations peacekeeping force with a weak mandate and blue-helmeted soldiers who could do little to stop massacres or other atrocities even when they saw them in places like Srebrenica and elsewhere.

When NATO threatened bombing to back them up, the peacekeepers became hostages to the Bosnian Serbs, the main aggressors in that conflict, who at one point tied United Nations peacekeepers to military targets to dissuade the alliance from air strikes.

It was only with American military and diplomatic help that the Europeans finally got the Bosnian conflict stopped at the end of 1995, and to enforce the peace, it took a heavily armed, American-commanded NATO peacekeeping force that is still in Bosnia today.

Now the European humiliation at Dayton, if the plan works,

will be redeemed by European success at Rambouillet, an

See DAYTON, Page 4

Settle Conflict or Face Attacks

By Thomas W. Lippman

LONDON - The United States and five major European countries declared Friday that the combatants in the strife in the Serbian province of had three weeks, at most, to accept a negotiated settlement — an ultimatum backed by the threat of NATO military action to enforce it.

In Washington, President Bill Clinton stressed that the United States and its allies were united on this issue.

"The international community," he said, "has sent a clear essage to the authorities in Belgrade: The time for denial and delay is past. NATO is united and ready to act if you don't."
"The killing must stop," said the British foreign secretary
Robin Cook, who will travel to Belgrade on Saturday to
deliver the message to President Slobodan Milosevic, and then

on to Pristina, the capital of Kosovo, to repeat the summons to leaders of the separatist ethnic Albanian majority there. Mr. Cook, Secretary of State Madeleine Albright of the United States and the foreign ministers of Germany, France, Russia and Italy met here Friday morning - they represent the so-called Contact Group of nations seeking an end to the

violence in Kosovo — to approve a U.S.-sponsored plan to compel the Serbian government and the Kosovar rebels to accept a settlement that would give the province autonomy but would keep it nominally a part of Serbia.

[Serbian officials Belgrade and leaders of the ethnic Albanian majority in Kosovo welcomed the idea of talks,

Reuters reported from Belgrade. But Belgrade insisted there could be no cease-fire and no prospect of eventual independence, while the ethnic Albanians said that secession must remain a possibility and that the fighting must stop before talks began.

"There's no point in going to talks with guns pointed at our foreheads," said Pleurat Sejdiu, representative of the Kosovo Liberation Army in London.

See KOSOVO, Page 4

AGENDA

ı		The Dollar	
	New York	Friday @ 4 P.M.	previous close
	Euro	1.1365	1.1416
Į	Pound	1.646	1.6493
ı	Yen	116.42	116,35
ı	DM ·	1.7218	1.713
Į	FF	5.7746	5.7452
ļ	Dollars per por	and aand per earn.	
	12.00	The Dow	
I		Friday classic	percent of a repo
ĺ	+ 77.50	9,358.83	+ 0.84%
ł		S&P 500	
ļ	4		
	+ 14.20	1,279.57	+ 1.12%
ł		Nasdaq	

U.S. Economy Soars

The U.S. economy grew at a breakneck 5.6 percent annual rate during the final three months of 1998, ending a year of undiminished prosperity in an economically troubled world. "The fourth quarter was a blowout quarter in a blowout year," one economist said. Page 9.

Hong Kong Ruling

Hong Kong's highest court issued a landmark decision Friday in a test of the right of abode, allowing four mainland-born children to remain in the territory. The ruling potentially opens the door to thousands of new Chinese immigrants. Page 4.

Brazil's Real Dives

The Brazilian currency tumbled Friday to its lowest level since the Jan. 13 devaluation after the World Bank refused more aid to two states and the government denied it was planning to close banks. Page 10.

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Crossword		Page 5
Opinion	P	ages 8-9
Sports	Pag	es 18-19
The Intermarket		Page (
The IHT on-line	www.ih	t.com

based in London, said Mr. Ricciardone's stance seemed to reflect a bias by U.S. policy makers for continued covert attempts to instigate a coup inside the Iraqi military.

But Mr. Chalabi reserved his harshest criticism for General Anthony Zinni of the Marine Corps, the commander of U.S. forces in the Gulf, who, he said, 'may be a good general, but he's not an expert on the Iraqi opposition and he's not an expert on Iraqi society."
"The fact that he said there are 91

opposition groups shows his lack of knowledge about Iraq," said Mr. Chalabi, who was represented at Friday's meeting with Mr. Ricciardone by a former general in the Iraqi Army, Tawfik Il Yassiri. "There are a lot of opposition groups

who have fought Saddam - as we did in 1995 - and lived to tell about it," Mr. Chalabi said. "And we thank Congress for its support."

General Zinni expressed deep reservations about the Iraq Liberation Act before the Armed Services Committee and said arming the Iraqi opposition

See IRAQ, Page 4

Global Financial Reform: A Clash of Perceptions

U.S. and G-7 Allies Disagree **About Regulation Measures**

By Jonathan Gage and Alast Friedman

DAVOS, Switzerland - The United States and its partners disagreed sharply Friday about overhauling international financial regulations, clouding prospects for any quick agreement on policing the capital flows at the heart of global financial crisis.

Speaking at a conference of business leaders here, officials from Japan, Germany, Britain and France appeared eager to press ahead quickly with measures that would toughed regulation, monitoring and over-sight of international flows of money through vehicles

Gore calls for deep cuts in farm tariffs. Page 9.

such as hedge funds. But American officials, while stressing the importance of more openness and surveillance, were wary of creating new regulatory struc-

Critics have suggested that the economic turmoil that spread over the last year and a half from Asia through Russia to Brazil and other emerging markets, setting off alarms in the world's financial capitals, was exacerbated by lax oversight and insufficient safeguards.

Gordon Brown, the British chancellor of the exchequer, said leaders should "quickly set up" what he called "a new global standing committee of international and national regulators to conduct the regular and systematic surveillance of our world financial sys-He said this "early warning system on financial issues" should be put "in place before the summer."
By contrast, U.S. officials countered with proposals for a less interventionist approach that relied on sound government policies and greater prudence on the part of investors and lenders.

"I am skeptical about singling out one class of market participants" for regulation, Lawrence Summers, the U.S. deputy secretary of Treasury, said of proposals to rein in hedge funds. Rather, he said there should be better risk management by the major investors."

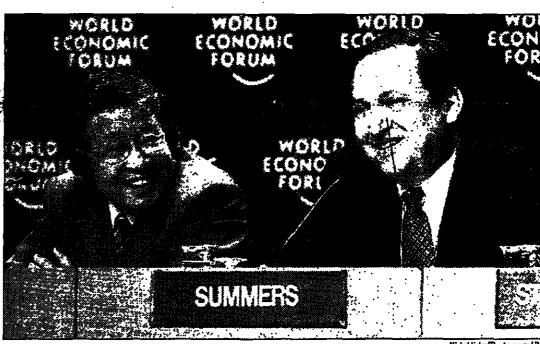
Eisuke Sakakibara, Japan's deputy minister of finance, said it was "important to proceed speedily on the issue of a new international financial architecture." In particular, the influential Mr. Sakakibara called for more monitoring of private capital flows, discussion of exchange-rate regimes among major world currencies and also the need to designate a lender of last resort.

Finance Minister Dominique Strauss-Kahn of France added his voice, calling for the Group of Seven finance ministers' meeting on Feb. 20 "to make the

decisions we really need." Mr. Strauss-Kahn, while stressing the need to keep markets open, nonetheless called for "a commitment by G-7 members to strengthen their cooperation by even more frequent meetings, and systematic co-

ordination. In response, Mr. Summers said, "Cooperation and coordination between the G-7 is obviously desirable,

See DAVOS, Page 13



Eisuke Sakakibara, left, and Lawrence Summers speaking in Davos, Switzerland, on Friday.

Ford-Volvo Link Squeezes Others

To Compete, Europe's Carmakers Will Have to Buy or Be Bought

By Edmund L. Andrews and John Tagliabue New York Times Service

GOTEBORG, Sweden - Ford Motor Co.'s victorious bid for AB Volvo's car business increases the pressure on other European automobile companies to either buy or be bought, industry executives and

analysts say.

Those with the most precarious futures are middle-sized companies like Renault SA and PSA Peugeot Citroen of France and, as it clearly recognized by trying to buy Volvo itself, Fiat SpA of Italy.

Each of those companies lacks the size to compete with the giants like DaimlerChrysler AG or General

Motors Corp., and they remain bogged down in brutally competitive markets for midsized and small cars. Thursday's agreement was a particularly big defeat for Fiat, which had openly courted Volvo in recent weeks and was reported to have offered about \$7

billion for the entire company. Besides the car business, Fiat executives were also entranced by the idea of combining the two companies' truck and construction-equipment businesses. "Needless to say, the bid failed," said a discour-

rvely its car-making activity and to hold on to the other businesses, which were, I might add, of greater interest

But analysts said it also marked a setback for Renault and Peugeot, which remain heavily dependent on the French market and on lower-priced and less profitable mass-market vehicles.

"Ford has taken a very appealing brand out of the market, and that is bad news for almost everybody else," said Chiara Tirloni, an automobile analyst at Paribas Capital Markets in London.

Ever since Daimler-Benz announced its \$36 billion acquisition of Chrysler Corp. last year, European car manufacturers have been engaged in a frenzy of

matchmaking.

"In the European and in the global automobile market, it's not just fusion but also confusion that you're seeing," said Bernd Gottschalk, president of the German Automobile Industry Association.

Though Volvo is a small player, producing fewer than 400,000 cars a year, it has important strengths, the most important being its strong appeal to affluent consumers who are willing to pay comparatively higher prices for family cars. In addition, Volvo has a well-es-tablished distribution network in the United States.

Europe's automobile industry is divided into several different camps that face somewhat different pressures. DaimlerChrysler is essentially in a league of its own, a goliath with a huge mass-market presence in North America and an equally strong base in high-priced

See VOLVO, Page 11

For All the Talk, Clinton Trial Is Overtly Partisan

By R. W. Apple Jr.
New York Times Service

WASHINGTON - Not us, senators of both parties have been saying since impeachment proceedings against President Bill Clinton began in December: we will never descend to the kind of lockstep partisanship you saw in the House of Representatives.

But Thursday they did, despite all their protestations about the dignity of the Senate and the importance of careful, dispassionate deliberation.

On the two decisive votes, no Reand no Democrat, liberal or centrist --no Easterner and no Westerner, no Northerner and no

Southerner - broke ANALYSIS with party colleagues Thursday evening.

Tom Daschle, the minority leader, spoke of the courtesy with which his ideas had been received by the majority. Senator Slade Gorton, Republican of Washington, emphasized a "lack of enmity."

publican, moderate or conservative, all the boneyed phrases, the partisan gulf in the Senate proved every bit as unbridgeable as the House's. It is not that the Republican majority

is fighting to oust the president from office, and the Democratic minority is fighting to keep him there. Any in-finitesimal doubt about whether the Senate could muster the 67 votes needed to convict Mr. Clinton evaporated Wednesday, when only 56 votes were cast against a motion to dismiss the charges, a significant test of

But for all the courtly manners and strength. Few if any senators of either party believe that anything the House impeachment managers can do will change that reality, although some managers seem to think otherwise.

But the dynamic of the trial has changed. It is no longer really about guilt and innocence; it is about how the parties will look when it is over. It is about the future, not about the past. It is about political power.

In a sense, the collapse of bipar-

See SENATE, Page 4



Proposal for Outcastes in India's High Court Provokes Outcry

By Kenneth J. Cooper Washington Post Service

NEW DELHI — The first member of the Indian outcaste group — formerly known as untouchables — to serve as India's president has provoked a divisive debate by urging that more out-castes be elevated to the Supreme

The controversy over President K. R. Narayanan's recommendation, which his critics and supporters alike misinterpreted as a call for strict quotas in new appointments, demonstrated how deeply India remains divided by caste - the traditional ranking of Hindus at birth by social status, religious purity

and occupation.

Public debate has focused on whether caste should be considered in Supreme Court appointments, and not on Mr. Narayanan's less controversial recom-

By Rick Weiss

hashington Past Service

tried 135 times, researchers in Oregon have "utterly failed" to clone a single

monkey, according to the scientific

cent successful clonings of other mam-

mals, it may not prove as easy to clone a human being as some have suggested.
"It's clearly not a trivial undertak-

ing" to clone a monkey, said Don Wolf.

who is leading the effort at the Oregon

Regional Primate Research Center in

Mr. Wolf spoke to an advisory coun-

cil of the National Institute of Research Resources in Bethesda, Maryland,

which has partly funded his work to develop large colonies of genetically

The results indicate that, despite re-

WASHINGTON — Despite having

Monkey on Their Backs

Failures Signal Problems in Cloning Humans

mendation that the number of women justices should be increased.

Although India's constitution outlaws discrimination based on caste, the traditional ranking continues in large measure to order the nation's stratified society - more so than gender or religion, which have caused social disparities affecting women and minority Muslims in this majority Hindu coun-

Most outcastes — including the untouchables, now known as dalits, and members of indigenous tribes - still work as low-paid laborers, while an upper-caste minority has retained dominance in government, politics, academia, the media and the courts.

With 25 members, India's highest court is nearly three times larger than the U.S. Supreme Court. Turnover is also more frequent; the five senior justices nominate new members to serve

identical monkeys for use in research.

Scientists said the failures suggested

that anyone who was trying to clone a

person should be prepared to work at it a

long time and have a large supply of

volunteers willing to be experimental

versity of Wisconsin embryologist who provided some of the monkey cells that

Still, scientists said they were re-

luctant to extrapolate from the monkey

work any firm conclusion about the

feasibility of eventually cloning human

Monkeys are more closely related to humans than are the sheep, mice and cattle that have been cloned so far, and

so they are arguably more represen-

tative of the practicality of cloning hu-

But the science and art of reproduct-

ive manipulation — including embryo culture and embryo transfer to the fe-

male reproductive tract, which are key

steps in cloning - are far more advanced for those species and for people

Hundreds of fertility clinics in the United States routinely grow human

embryos in culture disbes for in vitro

fertilization (IVF), for example, while

only two U.S. research centers perform

monkey IVF - and even those are still

figuring out how to get reliable results.

That means that, all other things being

biologically equal, it may prove some-

what easier in the end to clone a person

Scientists said Mr. Wolf's ability to

grow young monkey embryos, but his

failure to get pregnancies, suggests that

the problem is not just culture technique

but that the cloning process led to the creation of genetically abnormal em-

mans, the scientists said

than they are for monkeys.

than a monkey.

Mr. Wolf used in his experiments.

'Clearly it's not easy in monkeys, so it's not going to be easy for humans either." said James Thomson, a Uniuntil they reach the mandatory retirement age of 65.

The president whose duties are largely ceremonial, makes appointments to the court but has no power to change the list of nominees.

In the 51 years since India became independent, a handful of dalits and two women have served as justices. No court members have come from India's indigenous tribes, which are thought to predate the arrival of Aryans to the subcontinent 3,000 years ago.

Currently, there is one woman but no dalits on the high court.

India's constitution authorizes quotas for outcastes and members of lower castes in Parliament, government jobs and college admissions but not the judiciary, except among low-level mag-

Caste-based quotas in the civil ser-vice and college placement, although

enjoying broad political support, have produced an upper-caste backlash since being expanded to 49 percent in the

early 1990s.
The controversy over Supreme Court ppointments started last week when India Today, a leading newsmagazine, published a cover article that suggested President Narayanan had delayed judicial appointments to force the nomination of more outcastes.

The article quoted a confidential note in which Mr. Narayanan, a former diplomat and bureaucrat who was elected president in 1997, urged last November that women and the quarter of India's 950 million people who are outcastes be 'given due consideration" in future appointments.
"Eligible persons from these care-

gories are available, and their underrepresentation or nonrepresentation. would not be justifiable," he added.

In reactions that echo American debates about affirmative action, Chief Justice A.S. Anand told the magazine that "ment alone is the criterion for all appointments to the Supreme Court," and a senior lawyer denounced quotas

as "a vexed subject."
Similar denunciations came from other members of the bar who interpreted Mr. Narayanan's note as favoring quotas. But praise flowed from outcaste activists who shared the same in-

Critics and supporters of judicial quotas, however, misunderstood Mr. Narayanan's recommendation. T.P. Seetharam, the president's spokesman, said Mr. Narayanan stated in a speech in December that he did not favor quotas for the judiciary, only deliberate efforts to diversify the bench's composition "consistent with the requirements of

FOG IN KIEV — A woman passing the monument to the Cossack leader Bogdan Khmelnitsky, a figure in the 1654 union between Ukraine and Russia, during a rare winter fog Friday in the Ukrainian capital.

U.S.-Russia Team **May Have Created A New Element**

By Malcolm W. Browne New York Times Service

NEW YORK - Collaborating Russian and American nuclear physicists say they believe they have created a new ultra-heavy element that may open the door to creation of a host of new elements once considered impossible.

If confirmed, the achievement would mark the realization of efforts over half a century to reach a major goal of nuclear physics: to create an element far heavier than any in nature that would survive for long enough to permit scientific

Russian physicists announced the news over the last few weeks through e-mail to international nal Science published a brief account Jan. 22.

The work to create the element was conducted at the Joint Institute for Nuclear Research at Dubna,

The American participants in the experiment, from Lawrence Livermore National Laboratory in California, said in interviews Thursday that they would have preferred to withhold the news until they had completed some calculations but that the evidence for the creation of the element was very strong.

It appears, they said, that during a four-month bombardment from a big Russian cyclotron of a rare isotope, or form, of plutonium by atoms of a rare isotope of calcium, a single atom of the new element was

The nucleus of a calcium pro-jectile atom fused with the nucleus of a target plutonium atom to form an element containing 114 protons and about 184 neutrons in its nucleus. The resulting atom of Element 114 survived for about 30 seconds, they said, a long period compared with the decay rates of most other beavy man-made elements.

Cyprus Softens Spy Charges on Israelis

LARNACA, Cyprus — Cypriot prosecutors agreed Friday, under a plea bargain, to drop espionage charges against two members of an elite Israeli antiterrorism squad who had been operating under cover on the island.

and Udi Hargov, 37 — pleaded guilty to possessing banned listening equipment and to approaching a restricted military zone, in return for the dropping of spying and conspiracy charges.

The case has been a source of tension between Israel and Cyprus since the men pressure, not only from Israel but also

were arrested on Nov. 7. Israel denied they had been spying on Cyprus. Nicosia for its part changed the accusations against the men three times.

Despite their sophisticated equipment, the Israelis said that they were teachers when the police raided their seaside apartment in the village of Zygi.

Their cover was partly blown by the owner of a local tayerna who was aggrigged that they had not gone there to eat and thought that their behavior was

Cyprus has been under considerable.

from members of the U.S. Senate, to let the two men go. The three-member court set senten-

cing for Monday.

If the two men had been found guilty of espionage, they could have faced up to 10 years in prison.

The new charge of entering a restricted area carries a maximum sentence of six years. Because of its strategic location in the Mediterranean, Cyprus is generally regarded as a listening post for intelligence activity and operatives from

bishop of Delhi and a leader from? the country's biggest mosque, the rally was prompted by the killing last weekend of a Baptist missionary from Australia and his two young sons, burned alive in eastern India by a mob.

France's Alienated Young

Jospin Calls 7,000 Extra Police to Quell Violence

By Charles Trueheart Washington Post Service

PARIS - On Monday, the police confronted a band of angry youths in a housing complex on the outskirts of Paris and fatally shot a young man who, the police said, had cocked a sawed-off shotgun. The next night, 650 kilometers away on the grimy outskirts of Marseille. angry teenagers set fire to 52 cars.

Wednesday night, Prime Minister Lionel Jospin announced 7,000 police reinforcements would be sent to "sensitive" spots where youthful violence had been most prevalent. He also called for the removal of chronic youth offenders from their communities pending their trials; he said they would be placed under strict supervision in 50 new "immediate placement centers" capable of handling 900 delinquents by

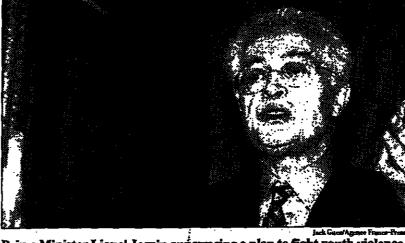
Escalating violence in crowded schools and bleak housing complexes

heavily occupied by North African immigrants has become a preoccupying issue in France in recent months. Official counts of violent incidents climbed sharply to 26,000 last year, up from 3,000 in 1992. Last year, 8,000 cars were burned by rampaging youths,

the government reported.

Jean-Jacques Penaud, a juvenile court judge in Lyon, said that the number of minors appearing before his bench had doubled to 2,633 over the past three years. France's junior edu-cation minister, Segolene Royal, reported that 64 percent of junior high schools in France have a youth violence prob-

Center-right politicians, including President Jacques Chirac, have hammered Mr. Jospin's Socialist-led government for a response to the violence. For weeks, the debate on the issue has been played out around two cabinet ministers who favor different approaches to segregating and rehabili-



Prime Minister Lionel Jospin announcing a plan to fight youth violence.

tating youthful offenders. Justice Manister Elisabeth Guigon represents the compassionate school of thought, pre-ferring to house the "recidivists" in what she called "emergency welcome homes," while Interior Minister Jean-Pierre Chevenement said that he wants to put the "little savages" in what he called "detention centers."

Mr. Jospin scolded Mr. Chevenement

for the "little savages" remark and repudiated his suggestion that family assistance payments to delinquents' families be withheld.

Mr. Jospin was perceived in the French media as having responded forcefully to the influential interior minister's pressures without fully abandoning Mrs. Guigon's more moderate or progressive-sounding approaches.

WEATHER

Mican Under Fire

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Section 1

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accusing India's government, which is led by Hindu nationalists; of not protecting them and demand ing that it step down. Led by the Roman Catholic arch-

powered an elderly security guard and made off with two paintings - one a Rembrandt — from a private gallery in

registration plates, said John Stuer Lauridsen, deputy superintendent of police. An official at the National Gallery in Copenhagen said the Rembrandt, "Portrait of a Lady," signed and dated 1632; was the only certified genuine work by

The other painting was a work by Bellini, the Italian renaissance master?

TRAVEL UPDATE

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Gibraltar Passage Cut LA LINEA, Spain (AP) - Pedes-

trian and vehicle passage between the British colony of Gibraltar and Spain was cut Friday as Spanish fishermen blocked the border crossing to protest Gibraltar police action they said barred them from working in the area.

It was the latest incident in a dispute over fishing rights. Britain and Spain reached an agreement on the issue last

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year, but Spain charged Wednesday that Gibraltar has ignored the accord.

KLM Royal Dutch Airlines said it would end domestic flights between Amsterdam and the Dutch cities of Groningen and Enschede on March 28. (AP)

Finnair plans to operate most of its international flights next week despite an air traffic controllers brike scheduled to start Monday remaing. (AFP)

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Ousters to Burma BANGKOK - The Thai Army suspended the forcible repatriation of some 800 newly arrived refugees from Burma on Friday after

protests from relief officials. Aid workers, said that four army trucks arrived Friday morning at the Huay Kolok refugee camp, 370 kilometers (230 miles) northwest of Bangkok, to take the refugees back to Burma.
Relief officials persuaded com-

BRIEFLY

Thai Army Halts

manders to suspend returning the refugees to an area where fighting is under way between government, soldiers and ethnic rebels, the aid workers said.

An army officer said that the repatriation plan had not been can celed and that the repatriation would eventually proceed. The army contends that the 800 people, mostly ethnic Karens, are not genuine refugees but friends and relatives of refugees already in the

Terrorism Suspects Killed in Pakistan

LAHORE, Pakistan - The police here have killed four members. of an opposition party who were arrested this week on charges of terrorism, party officials said Fri-

The Muttahida Qami Movemen said its members were "executed";
by the police late Thursday in,
Lahore. But the police denied the accusation, saying that the mem-bers had been killed by their own party as it tried to free them.

The four members were wanted in more than 100 cases of terrorism. including killings in Karachi, the police said. (AP)

A New Round Of India-U.S. Talks

NEW DELHI - The United States and India ended the first day of a new round of nuclear nonproliferation talks on Friday that began

after India's nuclear tests last May;
The U.S. deputy secretary of
state, Strobe Talbott, and Foreign
Minister Jaswant Singh of India
said that the talks had been foreign said that the talks had been fruitful. but offered no details ahead of another session Saturday. (Reuters)

Indians Protest

... NEW DELHI — Christian an Muslim clessymen led thousand of protesters in a march here Prida

Rembrandt Is Taken From Danish Gallery

Rembrandt — from a private gallery in Nivaz, about 20 kilometers north of Copenhagen, the Danish police reporter

The men fled in a car with Swedish the Dutch master in Denmark. Its value is estimated at \$15 million.

Its estimated value was not immediately

Republicans Open Way For Lewinsky Appearance

Feb. 12 Target for Ending Senate Trial Could Slip

By Alison Mitchell

WASHINGTON - Closing ranks along party lines, Senate Republicans have forced through a plan for the remainder of President all Clinton's impeachment trial that opens the door for Monica Lewinsky, or her video-

taped image, to appear before the Senate.

The trial blueprint also keeps alive the possibility that the Senate could vote on a "finding of facts" stating that the president committed perjury and obstructed justice and then take a separate vote on whether to convict the state of the state o vict him and remove him from office. Democrats have called the idea unconstitutional.

The proposal was pushed through the Senate Thursday as part of a rapid and unexpected series of showdown partisan votes. The votes came after two days of behind-the-scenes negotiations, offers and counteroffers failed to produce a bipartisan plan on how to obtain depositions from Ms. Lewinsky, Vernos Jordan and Sidney Blumenthal and wrap up the trial by Feb. 12.

The depositions are to begin next week, and senators would be able to review the material, including the videotapes, privately. The Senate then would have to vote on whethper to admit the depositions, either transcribeds, menthat, a White House side, and Mr. Jordan, aprivate adviser to Mr. Clinton, are to be vote could allow for the videotapes to be questioned over the two following days.

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12000

played in public in the Senate chamber.

The Democrats offered their own proposals Thursday night. A Democratic move to end the trial and go to a vote on the two articles of impeachment, was rejected by a 55-to-43 vote, with a single Democrat, Senator Russell Feingold of Wisconsin, opposing the effort to half the trial. And an alternative Democratic proposal which would have barred display in the Senate of videotaped testimony, was also defeated, 54 to 44.

The Republican plan was then approved, also by a vote of 54 to 44. Two senators were absent: Wayne Allard, Republican of Colorado, who flew home because his father was seriously ill, and Barbara Mikulski, Democrat of Maryland, who was scheduled for galladder surgery Priday.

Although the Republicans set Feb. 12 as a get date to complete the trial, the White

House complained bitterly. "This resolution is written in a way that leaves the doors wide open to extend this trial for an indefinite future and on any issues the majority chooses," said Joe Lockhart, the White-

"The Republican majority had a chance today to test the case the House managers and " independent counsel had made and vote up or down on the articles, and once again they chose to extend the process," he said.

Threatening that the White House would now delay the process, he said the president's lawyers would prepare for a vigorous de-fease, including the possibility of extensive discovery and defense witnesses. He said the White House would make no concessions to accelerate the trial and reach a final vote.

Senator Trent Lott of Mississippi, the ma-

jority leader, insisted, however, that there was now the "likelihood" that the trial could be finished on Feb. 12 unless "various and sundry motions intervene."

He added, "That's our goal, and we have

Mr. Lott said that the questioning of the three winesses approved by the Senate would begin Monday with Ms. Lewinsky. Mr. Blu-

The impeachment trial will reconvene on Thursday, when it can take up motions to receive the videotaped depositions in evidence or to call any witnesses to testify in person. While the Senate can still hear a motion for more witnesses or evidence to be heard before the Senate, Democrats won the concession that such a motion can only be made by Mr. Lott and his Democratic counterpart, Senator Tom Daschle, jointly.

That in effect gives the Democrats veto power over any push by House prosecutors struggled to stop a third for another round of witnesses. The White straight day of looting. House is then granted up to 24 hours to decide whether it wants to propose new evidence or witnesses for a Senate vote.

The plan sets Feb. 12 at noon as the target for a final vote on the articles of impeachment but leaves open the possibility that the schedule could slip if more witnesses are called.

Away From Politics

British au pair Louise Woodward, barring her from profiting from her story. Ms. Woodward, convicted of manslaughter for the death of an 8-month-old baby in her care, was sued in federal court in Boston last year by the parents of Matthew Eappen. The settlement, reached before the case was to go to trial, ensures that Ms. Woodward

• A settlement was reached Friday in the wrongful death lawsuit against the former yer, Frederic Ellis, who declined to say whether the family had received any money in the settlement.

• The decline in AIDS deaths may be making gay men complacent, federal health officials said. The number of gay men in San Francisco who reported having uno go to trial, ensures that Ms. Woodward protected anal sex increased to 39.2 percent 'does not profit from the killing of their 8- in 1997 from 30.4 percent in 1994. (AP)



set in motion a process that very likely would Senator Slade Gorton, a Republican, leaving the lectern as the Senate Democratic leader, Tom Daschle, waited get us these. To speak after the vote that opened way for Monica Lewinsky to appear before Senate, on videotape or in person.

Colombian City on 'Brink of Anarchy'

Looters Raid a Red Cross Relief Center and Pelt Troops With Debris

ARMENIA, Colombia --Desperate earthquake survi-vors raided relief centers and stores in the battered Quindio Province capital, Armenia, on Friday, as security forces

Thousands of people pulled down a chain-link fence and stormed the main Red Cross relief center in Armenia's north end, carrying off food, foam-rubber mattresses and cit tents. The supplies were to have been distributed to some finding people alive because of the tens of thousands of nature determines the capa-Colombians left homeless by the quake on Monday.

sticks and debris from toppled buildings, went on a rampage Mexican Army rescue briin the city center, raiding shops and a food distribution center, witnesses said.

A large detachment of police fired tear gas into the crowd at the Red Cross com-

Calculation in the following of the control of the

as a field of mud under the ing, and about 200,000 were answered with tear gas and by feet of the looters.

answered with tear gas and by firing steady bursts of live

feet of the looters. Colonel Dagoberto Garcia said that law and order was disintegrating as hundreds of rioters poured in by the minute from outlying neighborhoods. "We cannot control this," he said, adding, "We're on the brink of anarchy."

Rescue teams, meanwhile, tried to find survivors under rubble four days after the quake leveled nearly half the

city for survival and it's very capricious," said Colonel Others, armed with rocks, Hector Aguilar, the com-icks and debris from toppled mander of a 120-member gade. However, no one had been rescued alive in Armenia since Wednesday.

The quake, which measured 6 on the open-ended 250 police and soldiers in the Richter scale, killed at least city center, throwing bottles pound, managing to restore 940 people and injured more and debris as some of the order after the looting. The than 3,690, the Red Cross forces crouched behind riot makeshift compound was left said. Many more were miss- shields.

An aftershock measuring 3.9 was registered at 1:06 A.M. Friday by the National Seismic Center. No new damage or injuries were reported. About 2,700 police and troops were called into Ar-

menia on Wednesday night to quell disturbances sparked by the slow pace of relief efforts. Some food was distributed Thursday and early Friday. but many people complained We can't give up hope of that the aid was insufficient.

"Within a week or two everyone here will be starving," said Javier Lopez, one of the looters in the city center. "so we must take what food we can now.'

"What we're taking from the shops is to feed our families, but there are others who are robbing to sell," he said.

Looters surrounded about

firing steady bursts of live ammunition into the air or over the heads of the looters.

There were reports of several injuries, including ac-counts by witnesses of one person who was wounded in the stomach by a gunshot. But security officials said they had given strict orders to avoid using excessive force. (Reuters, AP)

could turn \$400 a month into \$43,688 in 5 years

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POLITICAL N

Moderate Republican Under Fire

SAN JOSE, California — Representative Tom Campbell knew his vote to impeach President Bill Clinton would make some people unhappy.

In December, when he was part of a small group of moderate Republicans who had not declared which way they would vote, the majority of the thousands of calls to his office

were against impeachment.

Now, Mr. Campbell — who was handily re-elected last year in a traditionally Democratic district that includes parts of San Jose and the rest of Silicon Valley — is beginning to see how unhappy people are with him, and just how much it might

His situation may be a sign that there is trouble ahead for other Republican moderates, who are usually in districts with a high proportion of swing voters. Mr. Campbell said he had been inundated with protest calls and e-mail, and not just from Democrats. Some local Republicans are switching parties and organizing to defeat him in 2000.

The opposition my vote has engendered is by far the most I've ever received on one vote," he said. The only vote that comes near it is when I voted for the

9-Year Surplus Put at \$2.6 Trillion

WASHINGTON — In a report that is certain to step up debate on the federal budget, the Congressional Budget Office on Friday echoed President Bill Clinton's predictions of huge

budget surpluses for the next 10 years.

The nonpartisan agency, Congress' official estimator of spending and deficits, projects that the net budget surplus will be \$107 billion this year and \$2.6 trillion over the period 2000-09. That is dramatically higher than the budget office's own projections of just a few months ago.

Mr. Clinton has proposed using 62 percent of the surplus for Social Security, and he appears to have succeeded in getting birded surprost for that idea even from Beruhlicans. Now the

broad support for that idea even from Republicans. Now the fight centers on what to do with the balance of the surplus. Congressional Republicans are eyeing the "on-budget" surplus, that is, the federal accounts independent of the massive Social Security trust funds, and have proposed using the money to cut taxes. The on-budget surplus will total \$787 billion over the next 10 years and will start accumulating in

Mr. Clinton is fighting hard to preserve the on-budget surplus to help shore up the Medicare trust fund, which pays for health care of the elderly and disabled, as well as to bolster defense spending and other domestic programs. (LAT)

Quote/Unquote

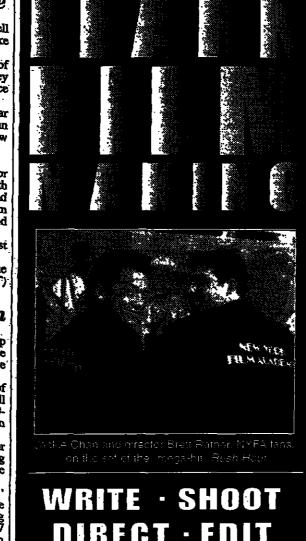
William McDaniel, a lawyer for Sidney Blumenthal who will testify next week in the Clinton impeachment trial, when House prosecutors could seek to show that the White House employed a strategy of spreading negative stonies about opponents or potentially damaging witnesses: "He'll say the same thing he's already testified to. If the managers ask him something new, like about the smear campaign, his answer will be. 'No, I didn't do it.' They are just lost in a fog of fantasy.

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Hong Kong High Court Opens Door For Thousands Born on Mainland

Ruling Bolsters Right of Abode for Children With Resident Parents

highest court issued a landmark judg-ment on Friday allowing four mainlandborn children to remain in the territory, potentially opening the door to thou-sands of new Chinese immigrants.

The ruling by the Court of Final Appeal overturned an April 1998 decision by a lower court ordering the young immigrant's return to the mainland after they entered surreptitiously to join their parents, who were Hong Kong resi-

In a surprising twist, the court allowed one of the immigrants to stay even though he was born before his parent became a Hong Kong resident.

The decision cleared up a long-smoding question over whether such children had the right of abode in the territory. It also opens the door to thousands of effect after July 1997, when the British

MOSCOW - The State Duma, the

lower house of Russia's Parliament, ap-

proved the draft 1999 budget on Friday, in its third reading. But a top official

said that Moscow would still need to

wait months for desperately needed for-

First Deputy Prime Minister Yuri

Maslyukov, who has been meeting with

a members of a visiting International

Monetary Fund mission, said the IMF

wanted the cabinet to operate under the

budget for three months to prove its

feasibility, and "only after that the IMF

Officials insisted earlier that a loan agreement with the IMF could be

cinched as early as February, despite

strong IMF criticism of the Russia's eco-

nomic plans, including the budget. But

Mr. Masiyukov said the agreement could

sumes the receipt of foreign loans that have not yet been granted. The gov-

ernment desperately needs the loans to

itors will agree to restructure some loans

that Russia cannot afford to pay even

The restructuring bid would become much more likely if the IMF expressed

its confidence in Russia in the form of

structuring have drawn criticism from

the IMF. The fund has also criticized the

budget for projecting an average rate of 21.5 rubles to the dollar and 30 percent

Inflation has totaled 6.22 percent so

far in January, and is expected to end the

month at around 8 percent, and the ruble

Continued from Page 1

tisanship should have come as no sur-

prise. All along, that has been main-

tained at the price of punting the tough decisions downfield. No agreement would have been possible Jan. 8, when

the Senate approved a procedural outline by 100 to 0, if questions of wit-

nesses and duration had been ad-

"We'll figure it out as we go along,"

But this time he could not bring it off,

even though in the plan he rammed through the Senate on Thursday night he punted some decisions further downfield, like whether the videotapes of forthcoming depositions would be shown to the Senate and the public.

For the Democrats, working hand in

glove with the White House, one major

goal was to bring the trial to a con-

clusion as soon as possible, so they

pressed, unsuccessfully, for a firm dead-line of Feb. 12. The longer the trial goes on, the fewer days remain for the pres-ident to focus political attention on his

The Republican plan, which was ap-

proved, also mentioned Feb. 12, but as a

larget rather than a cutoff date. The plan

also left the door open to a "finding of facts" — a judgment that the president

was guilty of one or more crimes, which

could be approved by a simple majority

- before the final vote on conviction. requiring a two-thirds vote.

"Otherwise, he'll say he has been vindicated when we fall short of two-

thirds," one Republican conservative said. "That's intolerable."

But for the Democrats, the Repub-

lican plan was unacceptable. They

wanted to slam the door now on any

finding of fact, which some said would

represent an extraconstitutional bill of

In fact, it would achieve what many

Republicans have wanted from the start:

some means of vividly recording their

deep-set conviction that the president is

guilty, even though they lack the votes

to find him guilty under the impeach-

And that was exactly the point, said

Senator Richard Bryan, Democrat of

Nevada. The Republicans, he said,

"should not be able to do by majority

The idea of the depositions being

shown to the Senate, and by television to

vote what the Constitution contem

plates by a two-thirds vote."

atiainder.

ment process itself.

the majority leader, Trent Lott, kept

is already trading at 23 to the dollar.

The assumptions of aid and debt re-

The budget also assumes that cred-

The draft 1999 budget already as-

not be made until March or April.

pay off huge foreign debts.

with the help of new loans.

giving more aid.

inflation this year.

would be ready to give us money."

eign financial assistance.

But Must Still Await Aid

others who were born on the mainland HONG KONG — Hong Kong's and who have parents who reside in

Hong Kong.
"This judgment will surely increase greatly the number of people with the right of abode here," the secretary for security, Regina Ip, said at a news con-

"In the long term, it may have a big impact on Hong Kong.'

The four young immigrants, two born in 1989, one in 1987 and one in 1978, were singled out by the government as test cases for 81 who entered Hong Kong under similar circumstances.

There are about 1,950 right-of-abode claimants in Hong Kong, the secretary for security said, adding that "a very considerable number" would be able to

Under the constitution that came into

approve the budget in its third reading, and scheduled the final, mostly tech-

nical, reading of the budget in the house for next Thursday.
Prime Minister Yevgeni Primakov's

factions but one - a sharp difference

from the bickering and wrangle that had

finances in the process.

But now, the sore state of Russia's

demands to a minimum this year.

the country last Angust and the government devalued the ruble. Low oil

prices have cut revenue sharply.

The budget proposal reflects the dam-

age. It calls for government spending of just 575 billion rubles (\$25 billion) and

revenues of only 474 billion rubles (\$21 billion) for the whole year. By com-

parison, the U.S. government collects and spends more than \$30 billion in an

amendments, the Parliament's Budget

Committee agreed to redistribute

spending to earmark money to com-

pensate private account holders who

lost money when banks collapsed last

fall, and support Russia's struggling

is Yeltsin's call for a proportionate 12

percent cut in spending on all branches

the country, is an even worse nightmare for the Democrats, especially the pres-ident. Monica Lewinsky has never

spoken at any length in public since the

scandal broke; hearing her own account from her own lips would cause a sensation. "A spectacle," Mr. Daschle

Mr. Daschle said the Democrats were keen to preserve Ms. Lewinsky's dig-

nity. He left unsaid their larger con-

cerns: the dignity of Mr. Clinton and the presidency, to say nothing of their party's image for the future.

may be the Democratic presidential nominee in 2000, would rather not have those videotapes available for use then by the news media, to say nothing of the Republican candidates, in that cam-

Vice President Al Gore, or whoever

But the Republicans are running a

larger risk. True, there are certain forces

driving them toward letting the trial play

out to a natural conclusion, quite apart

from the senators' own antipathy to-wards Mr. Clinton. Most important of

those is their own deeply conservative core constituency, strongly represented among the House impeachment man-

agers, which does not wish them to fold

their hand quite yet. Some leaders in that

group are already arguing that the Sen-

are Republicans have unfairly hamstrung the managers.
But neither presidents nor senators

are elected by core constituencies alone. For electoral success, both parties need

to tap into the great reservoir of middleof-the-road voters, and those voters, every poll shows, are sick to death of the

trial. The same polls show the Republicans losing ground.

The public will have forgotten all this long before 2000, several Republican

senators have said in recent days. Not among them have been Mr. Gorton,

Senator Spencer Abraham of Michigan,

Senator Rod Grams of Minnesota and

Senator Rick Santorum of

Pennsylvania, Republicans who face re-

election next year in competitive states

that Mr. Clinton carried with ease in

Months ago, a leading Washington political operative tried and failed to stir

interest in a compromise that would

have led to some sort of censure res-

olution. It's not time yet, he was told.

process starts, it's hard for anyone to

jump off. It takes on a ferocious mo-

'It's never time," he said, "Once the

Try a little later.

The panel voted down President Bor-

Arctic north and some industries.

After reviewing over 3,000 proposed

average week.

austere budget would allow Russia to slash allocations for the presidential of-

get crucially needed foreign loans and fice by 40 percent, while cutting par-

lift itself out of the worst economic crisis liamentary expenses by 4 percent.

SENATE: Partisanship Lives On in Trial

surrounded the budgets earlier.

colony returned to Chinese rule, children with at least one Hong Kong-resident parent had the right of abode.

But shortly after the handover, the

interim legislature approved legislation: limiting that right by requiring children of Hong Kong residents to prove their rights before they came and to obtain one-way travel permits from the Chinese authorities.

A lower court cited the law in ordering the return of the four children to the mainland, but the panel of five judges ruled in their favor and amended the law to eliminate their need for one-

Prospective immigrants in such circumstances must still present a "cer-tificate of entitlement" proving that they are the children of permanent res-

"The right of abode in a place is the right, in the eyes of its law, to call that place home; coming and going at will, staying as long as you like." Justice Kemal Bokhary ruled. Russia Votes Budget Plan,

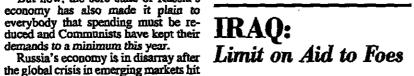
The decision is a setback for the Hong Kong government, which has struggled to prevent mainland-born children from coming to Hong Kong to join their par-ents, citing a lack of resources. But the state security secretary said

since the 1991 collapse of Soviet rule. The Duma voted by 298 to 48 to she did not anticipate a large influx immediately, because mainlanders coming to join their parents would still need to clear immigration proce-

She said the Hong Kong government would work with mainland authorities to ensure that border operations remained orderly.

cabinet has strong support in the Duma, and the budget has the backing of all Activists working on the children's behalf hailed the judgment on Friday.
"This is one of the happiest days of
my life," said Ho Heiwah, a social In the past, the Communists and other hard-line legislators also insisted on bloated social spending and subsidies to ailing industries, undermining Russia's

"The children can remain with their parents, that's the most important thing."



Continued from Page 1

under the act could backfire and create a "rogue state" in Iraq even more destabilizing than the current regime of President Saddam Hussein.

Echoing concerns over arming the opposition voiced this week by key U.S. allies in the Gulf, General Zinni told the Senate Armed Services Committee that none of 91 Iraqi opposition groups had "the viability to overthrow Saddam at this point."

Arming them, he warned, "could be this point."

ry dangerous: The effect of regime changes that didn't quite come about the way we would have liked," General Zinni said. "And the last thing we need is another rogue state. The last thing we need is a disintegrated, fragmented Iraq because the effects on the region would be far greater, in my mind, than a tained Saddam."

A State Department spokesman, James Foley, later said that he endorsed General Zinni's conclusion that oppo-sition groups were not an immediate threat to the fraqi regime and should not receive U.S. arms in the short term.

But Mr. Foley continued to embrace the Iraq Liberation Act and said the administration's Iraq policy "reached a turning point" after Congress passed the measure in September.

The act makes toppling Mr. Saddam's regime an explicit goal of U.S. foreign policy and authorizes \$97 million in military support to the Iraqi op-position. But it leaves any decision to arm the opposition to the administration. "No decisions have been made yet in that regard," Mr. Foley said.

As the administration shifts from containing Mr. Saddam to a more active strategy of trying to topple his regime, it designated seven opposition groups last week as eligible for military assistance and named Mr. Ricciardone to coordinate U.S. activities with opposition

But those efforts have spurred op-position. The Iranian-backed Supreme Council for Islamic Revolution in Iraq, the most potent armed force within the opposition, announced last week that it wanted no part of the U.S. plan.

Two armed Kurdish militias occupy-ing parts of northern Iraq, the only other major opposition groups with armed soldiers, quickly followed suit, despite extensive efforts by State Department officials last fall to unify the groups and enlist their support in opposing the Iraqi

regime.
Fearing heavily armed Kurdish forces on its border, the Turkish government, a key U.S. ally in the region, expressed reservations this week about the Iraq Liberation Act.

Turkish concerns were echoed by Saudi officials meeting in Riyath with Secretary of State Madeleine Albright. The Saudis said the kingdom "does not believe and does not support any foreign side to interfere in changing the ruling regime in Iraq because any such change should take place from within Iraq and by the people themselves," The Associated Press reported.

One administration official in Washington acknowledged Turkey's concems about arming the Kurds, but cautioned that there was a difference between the Saudis' public and private positions on U.S. efforts to help topple Mr. Saddam.

'Most Arab leaders would be over-publicly - they have to cater to the



Robin Cook backed by Madeleine Albright at a news conference Friday.

DAYTON: Another Chance for Europeans

Continued from Page 1

18th-century chateau 50 kilometers (30

miles) southwest of Paris.

There, prodded by the American-backed threat of NATO air strikes, Mr. Milosevic, now president of what remains of Yugoslavia, and rebel leaders in the mostly Albanian-populated Serbian province of Kosovo have been commanded to come by Feb. 6, and given one week to negotiate an interim settlement that provides "substantial autonomy" to the province.

This time, France and Britain will take on the facilitator's role that Mr. Holbrooke performed in Dayton.

The French call it "un forcing dip-lomatique." which means "piling on the diplomatic pressure," and Foreign Minister Hubert Vedrine and the British foreign secretary, Robin Cook, will have to do plenty of that when they act as co-chairmen of the conference if they want results within a week.

If it succeeds, France and Britain would then take the lead in providing troops for a sizable NATO peacekeeping force to separate the warring parties and make supe peace holds until a final agreement can be negotiated.

Both constraint can be negotiated.

Both constraint join them but both are talso expert to show that Europea can be

also eager to show that Europe can be more than "dithering and indecisive" on Kosovo, as Prime Minister Tony Blair put it late last year to describe European efforts to stop the fighting.

Success in Kosovo would also give a boost to European hopes to finally make enshrined in the Treaty of European Union negotiated in Maastricht, the Netherlands at the end of 1991, to create a European common foreign and se-

curity policy.

Prime Minister Blair and President Jacques Chirac of France agreed in early happen at Rambonillet.

December to work for a true European defense with forces that could act even in situations where their powerful NATO ally, the United States, preferred not to become involved.

hailed as historic by Mr. Blair seemed more like hot air a few weeks later, bombing Iraq and France stayed aloof, complaining that the bombing should have had an explicit mandate from the United Nations Security Council.

But on Kosovo, French officials say, It was what the Europeans regard as

the failure of an earlier peace plan for Kosovo, negotiated last October by Mr. Holbrooke, that gave them their open-

ises to withdraw attacking forces, and Albanian fighters kept breaking the

banian civilians in the Kosovo village of Racak earlier this month, for which the Serbs are accused, President Chirac concluded that the Holbrooke arrangements had failed, and he ordered French diplomats to come up with a new plan to

That British-French when Britain joined the United States in

there is no need for a new mandate for NATO to threaten bombing if the Serbs and Albanians do not agree to negotiate. French officials say they will approve NATO orders authorizing the Supreme Allied Commander in Europe, General Wesley Clark, to fire at will if the warring parties do not stop the violence by the Feb. 6 deadline.

After the killing of 45 ethnic Al-

force the parties to make peace.
With NATO's help, that is what may

KOSOVO: Settle or Face Attack

Continued from Page 1

Serbia's deputy information minister Miodrag Popovic, said, "We can't speak of any cease-fire because we consider the KLA a terrorist organization.]

The Contact Group plan calls for the two sides to meet at Rambouillet, southwest of Paris, no later than Reb. 6 for political talks led by Mr. Cook and Hubert Vedrine, the French foreign

"We have done this," Mrs. Albrida said, "because it is clear that without strenuous effort on our part the parties cannot or will not stop the spiral of violence that is building toward renewed humanitarian catastrophe and all-out war.'

Even as she spoke, news reports from Kosovo told of more violence, including the death of 29 ethnic Albanians in a village raided by Serbian troops. The Contact Group ministers stressed that they were united in their determination to put a stop to a conflict that has threatened

to engulf much of Central Europe.
"We know every country in Europe supports this démarche," Mr. Vedrine said.

Mr. Cook, referring to his coming up to Yugoslavia, said, "I go knowing I have unity in the Contact Group." This week in Moscow, Mrs. Albright

and Foreign Minister Igor Ivanov issued a strongly worded condemnation of both the Serbian authorities and the Kosovar rebels for the violence and demanding a negotiated settlement. But Russia, the only member of the

Contact Group not also a member of NATO, opposes the use of force to back up the Contact Group's demands, which is why the threat of NATO action was not stated explicitly Friday morning.

NATO has already committed itself

to act if necessary to enforce the set-tlement sought by the Contact Group, and has been moving combat equipment into position to strike at the Serbs if they continue to balk.

The NATO secretary-general, Javier Solana, said after a meeting of the alliance Thursday that the Contact Group's ultimatum would be 'fully backed by NATO's military capabilities."

In deference to Russia, Mr. Cook and Mr. Vedrine declined to specify would happen if the Feb. 19 deadline for accepting a settlement was not met. ... Mrs. Albright was less restrained.

"The Contact Group has made it.unmistakably clear that the consequences of failure to comply will be swift and serious," she said. "We have committed ourselves to doing whatever is necessary to secure compliance from both sides. And we will maintain the credible threat of force, which has proven again and again to be the only language Pres-ident Milosevic understands."

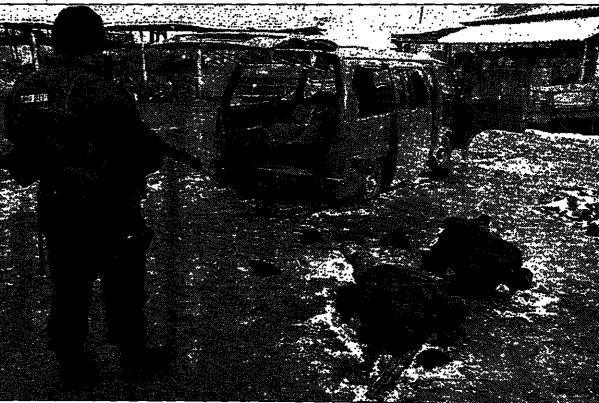
She said the statement of the NATO secretary-general satisfied her that "we

The Holbrooke plan provided for 2,900 lightly armed civilian observers, only half of whom have actually armed in Kosevo, to monitor accesse fine. The plan also provided for negotiations that never got started while both the Serbs, who failed to live up to promises to withdraw attacking forces and plan would be carried out anyway. plan would be carried out anyway.

The Contact Group ultimatum represents a remarkable diplomatic development. First, it appears to show a degree of cohesion and determination among States that was lacking for three years during the war in Bosnia-Herzegovina.

It also raises the ante for President Milosevic by requiring him to accept a dictated settlement that will end his control over a region central to Serbian national consciousness.

Mimor Rebel



A Serbian policeman standing in front of slain ethnic Albanian rebels on Friday in the village of Rogovo in Kosovo, near the Albanian border. A Serbian policeman was also killed in the fighting. More than 20 rebels died.

BRIEFLY

Paris Ends Diana Death Inquiry

PARIS — After 17 months, the investigation into Princess Diana's death has ended, Paris prosecutors said on All parties in the case will have 20 days to request any

further tests or questioning. After that, Judge Herve Stephan is expected to make his conclusions public. Princess Diana, her boyfriend, Dodi Fayed, and their

driver, Henri Paul, were killed in a car crash in a Paris traffic tunnel on Aug. 31, 1997. The fate of nine photographers and a press motorcyclist who were tailing the princess's car that night has yet to be resolved. (AP)

Danube Dam Protocol Is Signed

BUDAPEST — Hungary and Slovakia signed a protocol Friday on a disputed scheme to build a hydroelectric dam on the Danube, a move that marked the resumption of talks to revive the long-deadlocked project The two nations agreed to jointly examine the project's

economic and technical factors, and Slovakia pledged to provide Hungary with all necessary data. (AFP)

For the Record

The Jehovah's Witnesses launched a public relations campaign in Paris on Friday against French 121 anthorities, accusing them of harassing the Christian sect's 250,000 members in France. It said the group was being labeled as a cult, not a religion.

The European Commission said in Brussels that it would guarantee immunity for any of its officials who wish to testify before a special committee set up to investigate allegations of corruption, mismanagement and nepotism at the EU's executive body. (IHT)

PAGE 5

Flights From Hell: Trapped on a Detroit Runway for Up to 9 Hours

By Steve Twomey

Washington Post Service

WASHINGTON - So many hours did they languish on the runway, sealed inside aircraft after aircraft, captives of snow and snafu, that on Eric Felgemacher's plane, his claustrophobic wife burst into tears. He half wondered if the engines would die, the heat would dissipate and a load of humanity would freeze. He picked sup an air phone to alert the media, to get a court order maybe, only to encounter a dysfunctional

Phone system. So many hours evaporated that on Steven Hamlen's plane, a frazzled 6-year-old boy trav-eling alone took to launching Matchbox cars at

"He hit me," Mr. Hamlen said. "He hit people around me. He had pens, Magic Markers, and he was throwing those, too.'

So many hours passed that on Sharon Friedman's plane, she heard a crew member scream into a radio, "You have to get us a gate and get us off the plane!"

A passenger, having perused the airline's magazine and spotted the CEO's name, used a cell phone to get his home number in Minnesota, gave it to the pilot and demanded that he call him. He did.

"We've been on this plane over seven hours," Ms. Friedman heard him tell his boss, 'and we've got a desperate situation."

What happened on the year's first weekend at the Detroit airport has become not only the stuff of a federal inquiry and a class-action snit, but instant lore in the world of domestic aviation.

Several thousand travelers, many returning from warm locales and holiday adventures, were marooned for as long as nine hours aboard at least 30 planes that could neither fly away to

JAKARTA — The imprisoned leader

of the East Timor rebel movement on

Friday accepted an Indonesian proposal

that he move from his cell to house

detention, and said he would start pre-

60 Old maga billed as

America's

DOWN

1993 Super I M.V.P.

1 Bow (to)

Aviation Weekly

65 Our church's blond caretak

faring for the independence of his

'I accept the offer," said the rebel

freedom nor snuggle up to gates because of ngly conditions generated by a foot of fresh snow. Delays are a chapter in every voyager's book of experiences, but rarely does any equal sitting through "Gone With the Wind."

The Great Wait of Jan. 2 and 3 illuminated the pressures and fragility of the major airlines' hard-spoke systems and gave passengers used to living in a mobile society a dose of a little-appreciated reality. Once your flight leaves the gate, your life is not your own. The airline rules.

For obvious reasons of both safety and efficiency, no regulation gives passengers a right to be released on demand, federal officials say. None limit how long they may be kept in deteriorating conditions, nor stipulate that they must be provided food and beverages, nor set tandards for bathroom hygiene.

Such creature-comfort rules might not exist because there has never been a need. For one thing, no one can recall a debacle as big as the one in Detroit. Although countless travelers have been stranded inside terminals because of bad weather, equipment failure or congestion, they could still walk around, eat, watch television and use bathrooms. Those privileges were sharply curtailed at Detroit for thousands

'It takes this kind of extreme case to break' the rule that you don't have any rights," said Lawrence Charfoos, an attorney helping five of the Detroit victims with a lawsuit that alleges emotional distress and false imprisonment, a suit that at least 170 other passengers have contacted Mr. Charfoos about. "This is un-

precedented in anyone's arsenal of stories."

But Aaron Gellman, director of the Transportation Center at Northwestern University, relatively short domestic hops. The aroma of

opposes federal intervention to establish passenger rights. The unseen hand of capitalism is Passengers furned about why buses and portenough. Mr. Gellman said. Airlines want to be known for being nice. They do not want to be

known for operating runway gulags.
"They don't want to keep you there," Mr.
Geliman said. "It's in their interest to get you off so they can use the plane again. That's enough of an incentive."

If the Detroit incident reflected callousness or mismanagement, Mr. Gellman said, "then they'll pay the price in the marketplace, and they know that."

More than one airline was involved at Detroit, but the lawsuit is aimed at Northwest, Detroit's biggest carrier. Struggling to maintain the in-and-out dance of its biggest hub, Northwest pushed departing planes away from gates
—only to find they could not get off the ground and had no gate to return to. It kept landing planes from across the country - only to find there were not enough gates for them, either.

"You make judgments, and sometimes they're wrong," said Jon Austin, a spokesman for Northwest, noting that the storm was mon-

The airline sees no merit to the suit, but it has apologized by mailing 4,500 passengers coupons good for a free round-trip ticket any-

where in the 48 contiguous states.

As the hours crawled by, no one died or become seriously ill, no fights broke out and no mutimes occurred. But cabin after cabin experienced meltdown. Captives cursed, phoned for help, concocted rescue schemes and wondered why other airlines' planes were taking off but not theirs.

Food, formula, beverages and reading material dwindled on planes that had been making fuel competed with that of overtaxed toilets. able stairs weren't driven out to them and why planes blocking gates couldn't be pushed out of

There was no music," said Mr. Hamlen, 28, chemical engineer from Stroudsburg, unsylvania, who waited nine hours aboard a

Philadelphia-bound flight.

"There was no television. There was no entertainment. So essentially we sat there, in our chairs, and talked to the people around us. It was exactly like a hostage situation. I felt like they were doing a psychological test on us, to test new forms of torture."

Many contemplated opening emergency doors, and damn the federal penalties. Many found they couldn't kill time by reading because they were too upset or too certain their ordeal could end any minute.

Medical emergencies were declared. Planes that had a medical emergency leapfrogged to the head of the line, and people on planes that

didn't have one wished they did.
"As the afternoon wore on and the sun started going down, people were getting up-set," said Mr. Felgemacher, 39, a software writer from Kalamazoo, Michigan, who landed after a Florida vacation, only to sit for more than seven hours. "I took a nap, and then I ran out of things to read. We were trying to make light conversation." Most passengers had nothing but praise for flight crews, who were calm, sympathetic and just as unhappy. Passengers had nothing but derision for Northwest. "There had to be some pretty incompetent people someplace to allow that aircraft to depart Tampa knowing full well that they had no place to park it when it arrived," Mr. Felgemacher said.

Northwest, in reply, said its business was

getting people where they hope to go, and so it made the decision to try. Things didn't work

In the aftermath, Northwest and airport officials initially dueled over the efficiency of snow removal, but now the airline says the airport did the best it could.

Mr. Austin, the Northwest spokesman, said the nightmare began Saturday, when outbound flights were canceled as the storm worsened. Aircraft began to fill the "alleyways" between concourses, "and there was no place that was plowed that they could be towed to," he said.

On Sunday, Northwest expected the logiams to be cleared and it decided to let flights elsewhere lift off for Detroit. But Northwest workers in Detroit were having trouble getting to their jobs to clear away planes and operate gates, Mr. Austin said, and as flights touched down, "we only had the gates at the very end of the concourses.

The airline did not want passengers to disemback on the runway, because planes were parked "between two and three miles from the terminal, the wind chill was 30 below, there was blowing, drifting snow," he added. The Department of Transportation is looking

into the mess, not because any federal rules might have been violated, but because Representative John Dingell, Democrat of Michigan, pushed for a report.

By the way, when the waits were over, they weren't. Freed passengers encountered terminals in chaos, as stranded travelers competed for food, bathrooms and ticket counters.

Kelly Larkin, having spent eight hours on a plane, had to wait four hours more to try to reschedule her flight, until 1 A.M., when she was next in line. "And then," she said, "they closed the window and said they'd reopen at 5:30."

Indonesian officials from the office of the attorney general practicing Friday with rattan sticks that were issued to them for use in controling crowds, including the student demonstrators who continue to be active.

serving a 20-year term.

Indonesia said Wednesday that it

would move Mr. Gusmao and end 23

years of opposition to independence for

East Timor, asserting that it may con-

sider freeing the territory after the na-

arming the people," the army "should

"I think Indonesia should start dis-

tional election on June 7.

leader, Xanana Gusmao, 53, speaking at reduce its troops and if possible make an

lakarta's Cipinang prison, where he is agreement with us to cease fire," Mr.

54 Class of

58 Lannderer's

Purim h

61 Carnegle Hall

East Timor Rebel Leader Accepts Offer to Move From Prison

Gusmao said.

foreign governments.

Pro-independence guerrillas have

been waging a low-level rebellion against Indonesia since it invaded the

former Portuguese colony in 1975 and

annexed it a year later. Indonesia's rule

in East Timor has never been recog-

Mr. Gusmao welcomed Indonesia's

nized by the United Nations or most

change of policy, but said the territory

Chinese Police Foil Bomb Attempt

Detonation on Busy Shenzen Street Follows Wave of Fatal Blasts

to release the news it does have.

The lack of information has left ob-

servers with widely divergent views

about what exactly is going on.
As the Asian economic crisis con-

tinues to bite, and as rural incomes re-

main flat just as more workers at in-

efficient state-owned enterprises are be-

ing laid off, authorities in Beijing have

become increasingly worried about un-

rest, especially in a year stacked with

June will mark the 10th anniversary

sensitive anniversaries.

By Michael Laris ineton Post Service

BEIJING - A bomb that had been left to explode on a teeming main boulevard next to the New China Hotel in the southern Chinese city of Shenzhen was discovered and safely detonated by the police Friday, according to local

authorities and hotel employees.

The incident, which left traffic snarled but no one hurt, follows a bombing this week, and at least three others this month.

On Monday, a crude explosive device believed to have been packed with nails to increase its deadly sweep, blew up near a vegetable market in central Hunan Province. A report in the official Yangcheng Evening News said the ex-plosion killed 8 people and wounded 65, bringing the death toll from bombings

this year to at least 29. The motives for the attacks are unknown in all but one of the bombings. In that case, a would-be thief in the northeastern Liaoning Province blew up a bus in a failed robbery attempt Jan. 6, of-

ficial sources said. No official explanations have been given for the other blasts, either because the police have not cracked the cases or

needed time to prepare for indepen-

erument has recognized our right to self-

determination, to independence," he

said. "We are delighted by the decision,

but the settlement needs more time and

dependence would spark civil war, say-

ing that East Timor could manage if it

that bloody clashes between rival

Timorese groups were occurring daily.

Pro-Jakarta Timorese say they will fight to protect themselves if Indonesia

"If East Timor decides to be inde-

pendent, then we are ready to fight,"

said Basilio Dias Aranjo, a pro-Indone-

sia activist who works in the governor's

office. "We just don't want to die."

He rejected warnings that speedy in-

Aid workers and residents said Friday

effort"

were freed tomorrow.

dence. "Implicitly, the Indonesian gov-

becoming more intense and more numerous.' of the killings of student demonstrators

Social problems are

near Tiananmen Square, and October will mark the 50th anniversary of the founding of the People's Republic of But observers disagree about whether the bombings are violent manifestations

of seething discontent in Chinese society, or whether they are more likely to be separatist attacks, gang crimes, or random acts of destruction. "Social problems are becoming more intense and more numerous,'

Frank Lu, spokesman for the Hong Kong-based Information Center for Human Rights and Democratic Movement

'The people that would do this kind of thing are very dissatisfied with the government," he continued. "When it is impossible to go through normal channels to get a fair judgment, they take revenge on the government through terrorism.

He cited a Jan. 27 report in an official newspaper, the Guangzhou Daily.According to the account, four villagers were allegedly executed by policemen in Guangdong in August 1997 so that one of the policeman's relatives could avoid paying back money he owed one of the villagers. The victims' relatives had to petition authorities in Guangzhou and Beijing 27 times to get the case investigated, the paper said.

Although the policeman are finally being put on trial now, aggrieved and desperate relatives in such cases could have easily turned violent, Mr. Ln said.

BOOKS

because the government does not want. He added that many such cases are

covered up by Beijing.
In response to a bus bombing in Hunan province on Jan. 17 which left 40 wounded, 89 political dissidents in Hunan wrote an open letter condemning the terrorist attack and calling on the government to institute political reform to increase channels for addressing

grievances, Mr. Lu added. Robert Broadfoot, head of the Hong Kong-based Political and Economic Risk Consultancy, said the attempted bombing in Shenzhen came in the context of a gangster turf-battle in Hong Kong and another mob conflict over gambling in nearby Macau.

He said that recent blasts could have been related to organized crime, or perhaps could have been attacks by separatists from the restive Xinjiang

Province. "I would tend to think it is either criminal or extremist elements," Mr. Broadfoot said. "I don't think it is a reflection of the economic slowdown. There are a lot of people who aren't happy now, but they would demonstrate rather than bomb."

On Monday, a Uygur separatist was sentenced to death in Korgas, near the border with Kazakhstan, for producing explosives, Amnesty International reported Thursday.

Another man was given a suspended death penalty for the same offense, and dozens of Muslim separatists were sentenced this month for their part in anti-Beijing riots last year.

Mr. Broadfoot said explosives move easily from China's vast military to terrorists or criminal elements within the civilian population.

He cited the example of a recently executed Chinese kidnapper known as "Big Spender," who was captured with grenade launchers and dozens of grenades. "It was a real arsenal. It was amazing," Mr. Broadfoot said. "It's real easy to get hold of the materials for doing it, so it's surprising there aren't more bombs set off.

The police refused to provide any details about their investigation into who planted the bomb in Shenzhen, or how they succeeded in discovering the

bomb in time. Hotel workers said the loud, controlled explosion was set off without warning about 100 meters (330 feet) from their lobby at about 10 A.M.

GAINING WEIGHT By Manny Nosowsky

71 — point (never) **ACROSS** 6 Research types 72 Corp. mag 1 Gold count 73 State of the 8 Have—— (display) 9 Lemon-fia .2 Calif. daily 14 See 17-Down 19 Mark of a rate maybe 10 Upset 21 Upset and then Solderer's activity 22 Dreadlocks 12 It may block a 78 Singer Coolidge 23 Take the algae out for a stroil? account of a sensational 25 Lord's attendant '26 Public transport 27 "Rah!" 15 Kind of shift 28 "And this is the 82 Twinkle-toed 17 With 14-Across 84 Abide a W.W. II 29 Ax politely general? 87 It doesn't get far 31 Peota plus thr 18 Brie bese 20 its main street from home (Riviera resort) marks Last Chance Gulch 88 Color of the 53 Sports trophy since 1927 24 Flies or gadflie 89 Flying — 35 Sapporo sastı 30 Sch. meeting 90 What tols are .- 36 A question of tipping taught 94 Blink of an eye 34 Fleece 57 Pants pro 95 Liqueur brand 39 It has shoulders 40 Indo-European 99 Nothing at all speaker
4) Choral syllable 100 Excorlate 101 One way to pitch
103 "The Joy of
Cooking" writer
Rombauer 42 With 83-Down, of Ohio? new socialist 45 Weight lifter 44 Nuzzles or 50 "You have to see 105 Cross 45 "An American in 106 Like movie≤ 51 is worthwhile Parls" co-star, 107 Storage spot for 86 Followed 1951 a midget? Solution to Puzzle of Jan. 23-24 88 Cold call? 46 "No problem 53 Pin spots? 68 Just for laughs 90 Fraces 55 It comes with sections 67 Dress (up) 48 Give top honors in New Jersey? 58 1958 movie 92 King of 70's pop 70 Inclined. 93 2000 Olympics chiller, with 113 Fiasco 73 Coffee maker 114 Scotsman's nickname 76 Small intake 95 1941 #1 Sammy 59 Standard varieties 53 Go flat? 77 "Miró, Miró, on 115 Bacon servings 96 Whom King

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83. See 42-Down

85 Verdi's Alfredo T10 Denver No

David sent to be killed in battle

97 Campaign

102 Pored over

109 Naval letters

FLAMBOYANT

By Elizabeth Swados. 244 pages. \$22. Picador. Reviewed by

Mary Kay Zuravleff

THE main character of

L Elizabeth Swados's new novel is the eponymous Flamboyant, who describes herself as a "simple child prostitute trying to stay alive long enough to obtain a position as Madonna's hairdresser." Self-educated, as comfortable dishing up allusions to the Bible as to Janet Jackson, Flamboyant is a student at Harvey Milk High School in New York. This safe house, named for the assassinated San Francisco gay civic lead-er, "took in all healthy and

sick boys and girls with all manner of sexual eccentricities. Hookers, fags, dykes and the undecided." The building is dilapidated, the students more so, having experienced every possible disadvantage and degradation. On a good day, the chemistry teacher dances through the classroom, operatically singing the periodic table, and the students form a conga line behind him. On a bad day, little is learned, but no one gets hurt.

Chana Landau, an Orthodox Jew from Brooklyn who intends to settle her father's debts and feather her dowry before marrying Avi Wiseman. Chana is so sheltered that just meeting with a personnel officer prompts her to write: "I'd never seen dark timately rocks both families, skin so close up. . . . My eyes simply couldn't do the job of taking in this new style of Flamboyant into suicidal person alone." If black is mania. In Israel, the wise man new, how about black teen oneen pimp in training to be a goddess (Flamboyant's best friend, Gerard)? In fact, Chana is undone by her new school: "My world school: My world got dipped in cotton. I went blind with shock. ... I didn't want

Enter the new teacher,

so dirty." As soon as she gets her bearings, she latches onto Flamboyant, who willingly becomes Helen Keller to her Annie Sullivan. Or as Flamboyant writes it: "You dangerous person. ... You conjugator! I became the deaf child signing the words to 'You Light Up My Life,' and you were a Jewish Debby Boone." Chana's faith deems homosexuality a crime the translated Hebrew "With against God, but it also deems

to faint because the floor was

ous lifestyle in mind, Chana invokes another loophole: You may break a rule if you save a life. But her courage doesn't cross the Brooklyn Bridge with her, she can't even tell her father about her students. This deception ulsending her and Avi all the way to an Israeli rebbe and scription of the school:

and the girls with the girls?' the rebbe said. "Is this not a good thing? Is this not how we do it?" There is humor in the characters' irreverence and pas-

sion in their reverence. Unfortunately, the novel's form proves a disservice to the story. Chana and Flamboyant alternate as narrators of mock ioumal entries. The ruse goes as far as alternating typefaces: Flamboyant's typefaces: chapters begin with a font meant to resemble teen hand-

writing, and Chana's, in a typeface befitting her shawl and long skirt, are headed by the Help of Heaven" and by aching an important gift dates from the Jewish calen-

With Flamboyant's precari- dar. The artifice grates, especially because neither chartheir attraction, supposedly the reason for this novel. A little objectivity might eliminate the need for an explanation.

That said, Flamboyant is a brilliant commentator on our times. She's got Zeitgeist fever, and she writes with sass and honesty. All too familiar is the compromise that Chana cannot even grasp her de- reaches: Hate the sin, love the sinner. It is a humane enough "The boys are with the boys resolution, though pale in comparison to the challenge of life as a child prostitute. Even in Flambovant's benediction is her beguiling taunt "I love you, Chana. Shalom, shalom on the range. I'm going to show all this to you. When do you show me yours?"

> Mary Kay Zuravleff, a novelist, wrote this for The Washington Post.

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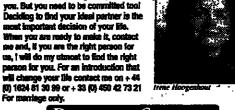
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Hockney: Virtuoso

By Michael Gibson

ARIS — Three Paris museums are devoting space to nearly 40 years of the work of David Hockney.

The Pompidou Center show, which opened this week, largely focuses on Hockney's landscapes; the Picasso Museum show, which opens Feb. 10, listens in on Hockney's dialogue with that great Minotaur of modern art, and a show at the Maison Europeenne de la Photographie, also opening Feb. 10, will display his abundant photographic work.

From his earliest years, Hockney (born in 1937) showed something of the impish impudence and virtuosity of the semifications Amadeus concocted by Milos Forman in the film of the same name. At a time when everyone was solemnly following the party line of pastract art, Hockney was juggling with Every idiom, drawing and painting people, buildings and landscapes and holding his own very nicely in everchanging styles and media, joining visual delight to cultural commentary and lots of tongue-in-check wit.

His California paintings of the mid-1960s include flat, frontal views of a number of solemn, symmetrical buildings that clearly had never been intended for this sort of grand treatment. They become a commentary not only on the mentality that produced them, but also on a certain

form of austere geometrical abstraction. Among the works that most contribute to Hockney's fame are those devoted to that omnipresent California artifact. the swimming pool. Chief among them is the 1967 work "A Bigger Splash," a is the 1967 work "A Bigger Splash," a hinge on Hockney's dialogue with the hyper-cool composition showing the flat art of Picasso, of which the landscapes and rectilinear setting for a blue pool into hich the painting's sole human prescince has just plunged and disappeared,

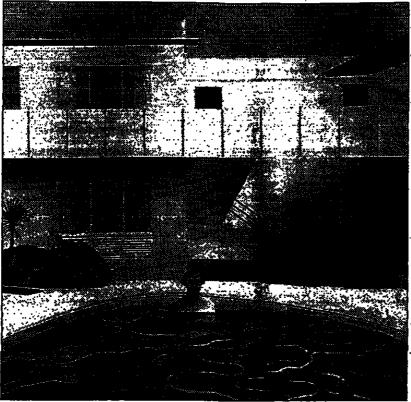
raising a great white plume. A 1966 painting shows the artist's Cubist approach in general.

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David Hockney's "Portrait of Nick Wilder," the artist's neighbor (1966).

gonal house. The title, "Portrait of Nick landscapes and portraits. Wilder," implies that the pool and house are part of Wilder's persona, while the presentation of the subject is cheerfully reminiscent of the way we are usually allowed to view sea-lions at the zoo.

In the 1980s Hockney began to play around with variations on perspective. Some of his works experiment with the type of reverse perspective found in tra-ditional icons. Others turn to the fragmented view of cubism to create a multifocus perspective that works convin-

cingly both in landscapes and portraits.

The Picasso Museum exhibition will shown at the Pompidou Center are also, in a sense, a by-product. Hockney offers his own interpretation of the distortions apparent in Picasso's portraits and of his

neighbor and friend, the painter Nick
Wilder, immersed shoulder-high in the
swimning pool in front of his ortho-

It is perhaps significant, on the occasion of this event, that a certain branch of French art criticism should be looking down its collective nose at Hockney's work. It does after all embody a rejection of the ideology that still tends to take precedence here, and a benign playfulness and humor that must be perceived as an

offense to the plodding heart and mind.

At the opening of the Pompidou Center show this week, a visitor approached Hockney to congratulate him: "Your work is full of joy," he said. "You must be a happy man! 'Reasonably happy!" Hockney

avowed with a wry grin.

David Hockney, Pompidou Center, to
April 26; Picasso Museum, Feb. 10 to May 3, and Maison de la Photographie North European home. Europeenne, 82 Rue François Miron, Feb. 10 to May 14.

New Heights for Old Masters

Prices Soar Amid Drawings' Popularity With Collectors

By Souren Melikian International Herald Tribune

EW YORK - The day Old Master drawings no longer pass from hand to hand and all end up stashed in museum folders to be dis-played at wide intervals according to school and period as decreed by academe may not be so far off.

Already, the extraordinary rise of the Old Master drawings market puts almost all sketches of any significance beyond the financial reach of two-thirds of its traditional constituency as it stood even a decade ago. The process was ble this week in New York, the place that now draws Old Master drawings from all over the world at an ever-accelerating pace.

At the very top, it is muvised by museum curators a process as unthinkable in the days of traditional collecting as marrying on a connselor's advice might be — that cream the market. The work of ultra-famous masters is now virtually inaccessible European collectors. If te are exceptions, they. tend to be minuscule in size.

The 6.7-by-4.3 centimeter vignette of a feminine figure pen and brown ink by Durer, which shot up to an astronomical \$475,500 on Wednesday at Sotheby's, came from the treasured posisions of a deceased German collector, Henry Scipio Reitlinger, when last seen at auction, in London in 1954. It is now on its way back to a

But not so the large (29.6by-46.4 centimeter) newly



Giulio Clovio's "Portrait of a Man Wearing a Cap."

discovered drawing by Pieter They recount the story of his Coecke van Aelst. This is a brother Taddeo leaving his preparatory aketch for a parents' provincial home tapestry forming part of a against their will at the age of tapestry forming part of a suite of mine relating to the life of Saint Paul. Exquisitely done in light brown ink beightened with white, spurned by one master and he Sacrifice at Lystra" differs in was roughly treated in a house its detail from the woven version of the subject, and that

alone makes it interesting. Above all, however, the aesthetic feel is radically different. The lightness with which the characters' features are drawn, the delicate brown and white toning to convey volume brings it closer to the miniature painter's art. Richard Day, the London dealer, was bidding on it, from which professionals inferred that the Paul Getty Museum had added one more great drawing to its collection. Paying \$343,500 is not a problem for such an institution. For most

private buyers, it would be. On Thursday, in Christie's sale, the most spectacular lot certainly went to the Getty. The suite of 20 drawings by Federico Zuccaro has the enchanting wit of a comic strip done with the talent of a Cinquecento master. The shaped frames of some of the drawings in conjunction with the viewpoint indicates that these were preliminary studies for for the ceiling of his palazzo. In his will, dated 1603, Zuccaro explains the iconography, which is also described by Vasari. Zuccaro, by then a rich, successful artist, intended to leave the palazzo to the Accademia di San Luca. It was to be a residence for poor artists keen to study in Rome.

The planned paintings were never executed -- that part of construction was unfinished when Federico Zuccare died. No subject would have been more appropriate for its intended destination. 14 to study painting in Rome. There, Taddeo's request to be admitted to a studio was

of another artist. One drawing shows him being sent off by the painter's wife to run errands. In another, he grinds colors at one end of the room under a bread basket hanging from the ceiling, attached to a pulley that triggers a bell jingle each time it comes down. Thus the teenager would not attempt to increase his meager daily ration. The last drawing relates to the happy end — Taddeo has been commissioned to paint frescoes on the Palazzo

Mattei, now destroyed.

HIS suite was beloved by collectors, first European, then American. Its last stop in private hands was in Philadelphia. By 1978, it had escaped the hands of the collecting community into the British Rail Pension Fund. The London investment fund sold getting a "bargain." It certainly proved an unfortunate investment for the French investment fund Finacor, part of whose holdings appeared in Christie's Thursday session under the title "Italian Old

Far more threatening in its consequences to the future of private collecting than the \$2.64 million - to an Amerphenomenal prices achieved by the work of celebrities or unique suites, such as the life story of Taddeo Zuccaro by Federico Zuccaro, is the high

Master Drawings from two

French private collections."

level to which drawings of any quality have been hoisted, even if it is now lower than at the height of the market, in 1990.

Immediately after the life story of Taddeo, an exquisite modello for a fresco in a Roman Church, also by Federico Zuccaro, sold on Thursday for \$40,250. This may be less than the \$53,900 paid by Finacor in 1990 at Sotheby's, but it is still more than most of the European collectors of yore would

be able or willing to pay. Slowly, the Europeans are thus being cut off from an art that can only be understood through repeated personal contact and is fundamentally different from painting.

Right at the beginning of Sotheby's sale there came a portrait in black chalk of a Renaissance scholar wearing a mantle with a fur collar and a cap. Considered to be the work of Giulio Clovio, it is a masterpiece as great as any by Titian. Timeless in its profound psychological probe, and unencumbered by the fin-ishing details of ornamentation that oil paintings display, it was bought for \$26,450 by an American collector. Well within the means of the Euro-

peans, it escaped their eye. True, they did not miss out on an admirable drawing by Taddeo Zuccaro. Done in pen and brown wash as a prep aratory study for a full-fledged "Virgin and Child," it is profoundly beautiful with its chiaroscuro effects that leave the young woman's face illuminated, eyes cast down, looking at the infant Jesus with an ineffable expression of rapture and repressed distress. The inspired buyer is said by insiders to be an Italian aristocrat.

But when came a previously unknown, very rare, early red chalk study of a saint by Perino del Vaga, the fight was waged by two French private collectors, who were then outbid by an Italian collector, who in turn bowed out to an American: At \$156,600. the sketch nearly quadrupled the high estimate

In Christie's sale Thursday. the rarities or the masterit at Sotheby's in New York on pieces largely went to Amer-Jan. 11, 1990, for \$2,553,000. icans. Cigoli's \$51,750 study pieces largely went to Amer-At \$1,762,000, the price of a man seen from behind paid Thursday at Christie's, wearing an Ancient Roman Rail Pension Fund, then in the French investment fund, will stay in America. And so will Federico Barocci's very large "Madonna del Popolo," bought at the second Chatsworth sale in 1987 in London by David Tunick of New York against the Getty for the equivalent of \$2.83 million. It sold on Thursday for only

> in the crown. The relentless transfer across the Atlantic, it would appear, is accelerating.

ican collector. It was the jewel

Russian Nonconformists Brave the West



Yankilevsky's collages reflect a blend of abstraction, surrealism and eroticism that was considered subversive in the Soviet Union.

By Meg Bortin

Brussels, a small gallery is while abroad in 1978. presenting new works by igeneration" of Russian

artists now living in Europe. known outside a Yankilevsky, 60, worked of connoisseurs. in obscurity for decades. His blend of abstraction, surrealism and eroticism was considered so subversive in the Soviet Union that he was rarely able to exhibit his

Over the last 10 years, he has enjoyed belated recogni-tion with major shows in Paris, New York, Chicago, Mos-cow and various German cities. The exhibition of collages he brought the Dewart Gallery in Brussels will be followed in April by a retrospective at the Sandmann Gallery in Berlin.

Hailed by a Brussels critic as "the most original and most profound of the Russian artists who emerged in the 1960s," Yankilevsky nonetheless faces hurdles in the West. Like émigrés of decades past, he lives in a tiny Paris flat and works upstairs in a maid's room converted into a studio. His situation is typical of the handful of top-class "nonconformist" Russian

artists working abroad. Yankilevsky, Edik Steinberg, Erik Rulatov, Oleg Tselkov, Oscar Rabin - all now residents of Paris — left Soviet repression behind, only to confront new difficulties.

Formerly banned from showing their work, denied materials and workspace by the state, they now struggle with Western economic realities and a mercurial art mar-

generation of artists who braved harassment and even risked their freedom by working outside official Soviet

mask-like faces were a far cry though he has a large painting

forced to emigrate in 1977. Rabin, an organizer of the in-RUSSELS — Up a famous outdoor Moscow exflight of stairs in a hibition of 1974 that was bulldisnsed brewery in dozed by the authorities, was the canal district of stripped of his citizenship The others left when

Vladimir Yankilevsky, a Mikhail Gorbachev's glas-leading member of the 'lost nost provided an out Umil nost provided an out Until then their work was unknown outside a small circle "We were all like

orphans," Yankilevsky recalls. "We had no one to back us. We could sell almost nothing and almost all of us had to work at other jobs in order to live. In my case, I made things and for 20 years no one saw them. They stayed in the smdio. They were seen by maybe 50 people."

Some of the "nonconform-

ists" managed to get their works shown, briefly. These fleeting exhibits attracted the interest of Westerners - in Yankilevsky's case, the Paris gallery owner Dina Vierny, who represents him today. Other underground artists exhibited their work at their

peril.
"We didn't really decide to come here," Rabin, 70, said at his Paris atelier near the Pompidon Center. "The authorities came to me and proposed that I take a trip to the West to let things settle down. Then they took away my passport and stripped me of my citizenship."

Rabin's paintings were considered provocative by the regime not because they were particularly experimental, but because they depicted Soviet streets and interiors as they really were: more dilapidated than glorious.

Tselkov, with his bold colors and grotesque faces, was brasher in flouting the line. He was sent into exile. Upon arrival in Paris,

The irony is not lost on a neither Rabin nor Tselkov was able to find a gallery. Rabin sells privately to collectors. Tselkov, 64, sells mainly through the Sloan Gallery in Denver. His work is still Tselkov, whose sinister, not exhibited in France, al-

ric abstractions hark back to

from Socialist Realism, was at the Stedlikj in Amsterdam. jor exhibit of his work opens landscapes, says his paintings Steinberg, whose geomet- in March at the Leverkusen implicitly showed the inhu-Museum in Germany.

Constructivism of Kasimir Malevich, has had incorporated official Soviet better luck in the West. A ma- slogans into hyperrealistic

manity of the system. Bulatov, 65, whose work

Meg Bortin is a journalist based in Paris.

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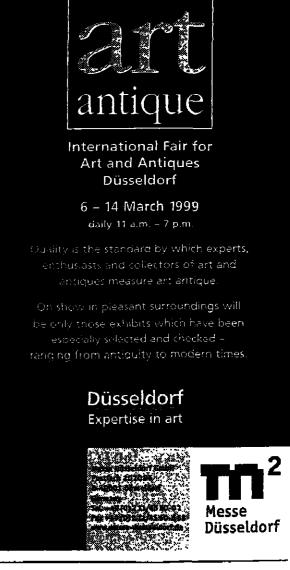
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A Proposal for Censure

Senator Robert Byrd's motion to dismiss the case against the president, it seems clear that President Bill Clinton will not be removed from office.

While the Senate rejected the motion, 44 Democrats supported it, meaning that the president had 11 votes more than he would need to secure his acquittal. As a result, further wrangling over witnesses and the course of the trial seems superfluous. The more constructive approach is to begin working up a fitting censure resolution, one tough enough to adequately describe Mr. Clinton's degrading behavior but which neither encroaches on the presidency nor says more than the facts will permit.

Senator Dianne Feinstein, Democrat of California, has been working with other senators of both parties to prepare such a resolution, though she has not yet made her proposal public. In our view, the Senate should pass a resolution along the following lines:

"Whereas the American people are entitled to expect that their president will in all his actions enforce and uphold the law to the best of his ability, and Whereas President William Jef-

oath committing him to do so, and "Whereas this oath and this expectation of the American people both require that President William Jefferson Clinton at all times respect the functioning of legitimate government-

ferson Clinton twice took the inaugural

In light of the vote Wednesday on al processes even when those process es stand to affect him adversely, and

Whereas President William Jefferson Clinton gave, in a civil deposition, testimony that was false and, whether or not in violation of the criminal laws of the United States, an attempt to corrupt the evidence used in litigation in a federal court, and

Whereas President William Jef ferson Clinton engaged in a course of conduct that, whether or not it violated the criminal laws of the United States, was obstructive of the ability of that federal court to act with a reasonable apprehension of the evidence in a case duly before it, and

Whereas President William Jefferson Clinton, before a federal grand jury, gave testimony that was false and. whether or not in violation of the criminal laws of the United States, intended to mislead a legitimate investigative body as to the nature of his prior false

"It is, therefore, resolved by the Senate of the United States that William Jefferson Clinton, president of the United States, has demonstrated contempt alike for his oath of office and his obligations both as a citizen of the United States and as an example to all other citizens of the United States. In so doing, he has lessened the esteem held for his office by the American people and has earned the censure of this body."

__THE WASHINGTON POST.

The Battle Over Words

About 'Niggardly'

Julian Bond, chairman of the National Association for the Advancement of Colored People, got it exactly right Thursday when he said that Washington's mayor, Anthony Williams, was wrong to accept the resignation of a presumably loyal and com-petent aide who offended a subordinate by using the word "niggardly" in a conversation. Mr. Williams has said be did not believe the aide in question, David Howard, whom he had named as public advocate only days earlier, said 'anything that was in itself racist." If so, Mr. Howard's resignation should have been rejected.

The mayor's explanation for letting Mr. Howard leave his administration made an unpleasant situation even worse. The mayor said that while the word "niggardly" was not a racial slur, Mr. Howard should not have used a word that could have been misunderstood. "I think what David did," said the mayor, "was get caught smoking in a refinery with a resulting explosion." That's a dud.

If the account of what was said is true, it was the listener who wrongly

streets is David Howard, who quit to spare the mayor any embarrassment. On Thursday, Mr. Williams indi-

-THE WASHINGTON POST.

The Right to Swear Since the defendant's name is Michigan and Raritan. He offers sub-

Timothy Boomer, it is difficult to resist stitutes like, "I'm up the creek without a certain lightness of tone about the a paddle." freedom of speech case now being considered by a Michigan judge. After Mr. Boomer's canoe bellied up in the Rifle River north of Detroit, he began yelling several crude words — O.K., maybe a whole carload of crude words, some of which could be heard a quarter of a mile away. His vocalizing offended a family canoeing nearby, provoking the mother to put her hands over her child's ears. Then a sheriff's deputy, on what must have been a fairly crowded stretch of river, issued Mr. Boomer a ticket under an 1897 state law prohibiting cursing in front of women and

Mr. Boomer's ticket should be an easy call for the courts; this antique law clearly treads on constitutional pro-

tections of free speech.
Still, the intensity of the battle offers a clue about how some people feel

about dirty talking.
In Raritan, New Jersey, for example, the borough's elders decided four years ago to ban "profane, vulgar or indecent language" in streets, businesses, houses, churches or any "private or public place." So far, no one has been cited. The worst Raritan residents have had to suffer is labels like "Village of the Darned."

For those needing to break the expletive habit, James O'Connor has created the Cuss Control Academy, a kind

the word. But who has been made to pay for the listener's ignorance of the word's true meaning? Not those who have spread ugly rumors about what Mr. Howard said. The person on the

attached an offensive connotation to

cated that he was reviewing the entire matter and might ask Mr. Howard to rejoin his administration — but in an-other capacity — if it is determined he did not use a racial epithet. Even that does not strike us as the right way to handle the situation. If, in fact, Mr. Howard did nothing wrong, the right thing to do is to put him back in the job, with a little staff housecleaning to follow. None of this means the popular mayor should be unmindful of the relatively few in this city who are ready to go off with the slightest affront, real or imagined. But as Mr. Bond rightly told The Associated Press, "You hate to think you have to censor your language to meet other people's lack of understanding." Mr. Howard should not have quit. Mr. Williams should bring him back — and order dictionaries issued to all staff who need them.

go. He advises high schoolers that cursing ruins your image and no longer shocks anybody, except maybe in

The Michigan judge should dismiss this case quickly. Mr. Boomer does not belong in a courtroom. He might not even need Mr. O'Connor. Mobbed by the media earlier this week, the 24year-old looked like somebody who had already been punished or at least shamed by his new international status as "the super-cusser," as he put it, adding sheepishly: "My parents didn't raise me this way."

-THE NEW YORK TIMES

Other Comment

Contradictions on Iraq

The French and the Russians have both presented proposals to the Security Council ... to weaken the UN oversight of fraq's activities and give the Iraqis what they have been seeking for years — an end to international sanctions ...

The administration has offered its own plan, largely to alleviate the everpresent suffering from lack of food and medicine to the people of Iraq.

We're all troubled by these contradictions ... one day we're bombing, the next we're account and the second second

the next we're proposing some eco-nomic forms of relief ... The question is: Are these proposals consistent?

— Senator John Warner, Republican of

Virginia, at a hearing of the Senate Armed Services Committee on Thursday. of bleepers anonymous, outside Chica-

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Assessing the Downside of Foreign Direct Investment

DAVOS, Switzerland — What is question that is even hinted at in the theme of this year's annual meeting of the World Economic Forum. Normally a globalization cheerleader, the forum is now looking at the problems of "Managing the impact of globalization."

But are most people looking in the wrong place for the downside of globalization on today's global economy? It is easy to point the finger at huge shortterm capital flows, the destruction wrought by free movement of capital on poorly policed banking systems, the extreme volatility of financial markets driven by greed and fear on global scale. All have played a role in today's problems.

However, there is one investment stream which has remained above the fray and is regarded almost universally as a "good thing," indeed as some-thing of a sacred cow: foreign direct

Foreign direct investment creates real businesses, not asset bubbles, is long term, relatively stable, brings technology transfer and involves no foreign debt burden. All of that is true. Over the past fifty

By Philip Bowring

years, foreign direct investment has generally played a very positive role. But one can have too much of a good thing. An uncritical outlook by the suppliers of foreign direct investment is the main cause of the capacity gluts now facing so many global industries.

Those gluts are as big a danger to the global economy and trading systems as the financial-sector maybem. Arguably, these gluts were as much at the root of the Asian crisis as bad banking systems and are now a factor in trade tensions between the United States and all its major trade partners. They also have a dangerously negative impact on manufacturing profits in the United States and Europe.

The gluts developed because of the esponse of multinational corporations to investment liberalization of the past decade which swept China, Latin America, Eastern Europe, even India.

The search for new markets in developing countries was essential but was often pursued with no sense of proportion. Cars are an obvious example where new opportunities led

market size and growth potential. As ever, China leads the excesscapacity league but supply now exceeds demand by massive margins almost everywhere in Asia. The same

logic applies to consumer durables and

other industries from beer to cement. The very companies that talk of shareholder value" at home are often driven by other considerations when they go offshore, investing in huge projects with scant regard for profit.

Sometimes this may simply be na-ivets, the assumption that a billion Chinese will soon have middle class

But also at work is something akin to Joseph Schumpeter's theory of 19th century European imperialism. He argued, against Marx, that investment frenzy was driven not so much by a desire for markets and profits but simply reflected a deane to deny space to rivals. Fear, more than greed, was the

Fast forward a century and one very often finds corporations driven to invest as much out of fear of rivals - or of missing out on a big-new market -

multinational and local industries alike as by a realistic business plan. "Longariant business plan."

Strategy.
So much for market economics and the profit morive.
A related problem is that in many cases investments have taken inadequate account of local buying power Globalization brings brand names.

re Opens th

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which mean quality but also cost. Products created for the United States and Europe are too good, too sophisticated and too expensive for many developing markets. The result: oversupply of expensive products and lack of supply of what consumers both

want and can afford. At the macro level, efforts at economic stimulus make little dent in the oversupply of products for the upper

income groups. Globalization is a danger if pursued as an end in itself. It leads to excesses which will lead to new trade barriers in rich and poor countries alike.

Shareholders should remind multinal tionals that they are there to make profits not build empires. Foreign direct investment is neutral, but bad investment is always worse than no investment.

International Herold Telleral

Did King Hussein of Jordan Put His House Out of Order?

NEW YORK — On the face of it, the decision by King Hussein of Jordan to dismiss his brother, Crown Prince Hassan, as heir to the throne and replace him with the king's oldest son seems meant to put the royal house in order.

But the ouster of Prince Hassan, after 34 years of loyal service as the king's understudy and closest confidant, will have critical implications for the legitimacy of the Hashemite dynasty and its long-term stability of the Jordanian monarchy.

Jordanians were shocked by the rush of events: no sooner had their king returned home from the United States, where he was receiving cancer treatment, than he named his 36year-old son Abdullah as crown prince. And no sooner was Prince Abdullah sworn in as regent than the king was rushed back to the Mayo Clinic in Minneapolis on Tuesday. Doctors said his cancer had returned. By Fawaz A. Gerges

The removal of Prince Hassan was constitutional, but the manner in which it was carried out has created discord within the Hashemites' ranks.

The prince reportedly learned of his dismissal not from the king but from military officers who handed him a written edict.

The king could have avoided this needless humiliation by forcing Prince Hassan to sign an oath naming Prince Abdullah as his successor.

Even critics of Prince Hassan fear that the king's action could erode the Hashemites' internal cohesion and their social base. Prince Hassan is respected by business leaders for fighting corruption and for supporting privatization and government

Prince Hassan also has followers among the middle class and intellectuals, though two

important constituencies - the army and the East Bank tribes - strongly support the king. Meanwhile, the opposition,

which includes Islamist activists and some Jordanian nationalists, may feel emboldened in its demands — for an end to normalized relations with Israel, for resistance to American policy toward Iraq and for political reform.

For a generation, King Hussein and Prince Hassan have both been fixtures of Jordanian politics and have lent it stability. Prince Hassan ran the country competently in the king's absence, especially dur-ing the time the king spent in the United States getting cancer treatment in 1991 and 1998.

But Prince Hassan's heavyhanded involvement in policymaking antagonized some prime ministers he dealt with. and military and security officers also reportedly expressed reservations. Last week, King Hussein told CNN that Prince Hassan was "too involved" in the running of government when he should have stayed "in

the background."
But the king's decision to dismiss his brother may have had another source. It is widely believed that King Hussein wanted the line of succession to revert to his sons with his current wife, the American-born Oueen Noor. She was apparently determined to have Prince Hassan removed and replaced by her eldest son, Prince Hamzeh, who is only 18.

She will have to settle for his being next in line to succeed Prince Abdullah, the son of the king's second wife.

The current controversy could leave Jordan without a strong leader for now. Prince Abdullah lacks Prince Hassan's broad experience in foreign and

Prince Abdullah might over come this if he received training from the king. But with the king struggling anew against cancer. this may not be possible.

This raises the question of how Prince Abdullah will deal with the growing sentimen in Jordan against Israel and whether he can tackle Jordan's

economic difficulties.

Prince Hassan had followed King Hussein's policies though he favors moving more slowly toward an accommodal tion with Israel.

In any case, Jordan cannot afford a fratricidal struggle that could give some of its neighbors a pretext for intervening in its domestic affairs. If that hap pens, more than just the royal family will pay the price.

The writer, professor of Middle East studies at Sarah Lawrence College in New York, The New York Times.

In the President's Case, Deviancy Should Be Redefined Upward

NEW YORK — On just one condition, journalists and lesser Americans have every right to deride the way the Senate is conducting the trial of President Bill Clinton. If they do not, they should.

The senators wear their nonpartisan clothes, walk, talk and probably sleep in them. But when it comes to voting and maneuvering they strip right down to their partisan buff.

The senators cannot stand the strain of their trial regulation forbidding all of them to speechify inside the chamber. So they run outside during the day to line up for TV time; right away they feel better.

WASHINGTON — It has been a year since the president's scandalous relationship with Monica Lewin-

sky became public. It is now

worth asking: How do the pre-

dictions made in the heat of

the original revelations look

now, and what can we learn

about the future of this case

from where they went awry?

Before dismissing the com-

mentariat's instant prophecy

of dire consequences for President Bill Clinton, consider:

The man has been impeached

by the House and is on trial in

the Senate. The pundits got

What went wrong was the expectation that Mr. Clinton would be forced from office

by a strong public outcry against him. Why? Mr. Clin-

ton's critics will say: He

stonewalled for seven months.

True. But there was no guar-

antee that once the stone wall broke in August, Mr. Clinton

would be any better off than he

had been in January. He was.

What changed between Janu-

change. Most Americans still think his behavior was tawdry,

sordid and, it is fair to say,

But in those seven months,

two strong public sentiments

came to the fore. First, it is now

clear that most Americans do

not want to know much about

the sexual lives of public of-

ficials. Contrary to the view that Americans have "gone French" in adopting a let-the-

this, certainly from Grover

Cleveland's time to ours.

that part right.

By A.M. Rosenthal

The senators are supposed to use any ponder power they possess and however long it takes to come to a decision on whether the president should stay or go. But most act as if their real job is to rid themselves of the whole thing right away and return to more important matters, unspecified.

With a Little Help From His Enemies

By E. J. Dionne Jr.

ertine idea. If anything, it is a

traditionalist's impulse. In the traditional view, the private

life is sacrosanct, and it is bet-ter for society if the highly

personal moral failings of

highly public people are kept under wraps. That is why the

dren" argument cuts not only against Mr. Clinton but also

against his opponents.

Now Mr. Clinton's critics,

despite the affecting speech of former Senator Dale Bumpers

of Arkansas to the contrary,

make a fair point when they

say this is not about sex (or,

more properly, not just about sex). The issues of perjury and obstruction of justice are real,

even if you conclude that the

House managers did not prove

their case on either of them. But how did Mr. Clinton's

private behavior cross into the

Here a second sentiment kicked in. When Hillary Rod-

choice of words seemed over

the top. But she put into cir-

culation an idea that came to

correspond to the public's

view: that Mr. Clinton's ca-

emies had conspired to get the

issue of his sexual failings

Consider these words: "As

Mrs. Clinton did not invent

it turns out, some of the most

serious damage to Bill Clinton's presidency came not from his high-profile political

wrapped into a legal case.

toward the president."

realm of criminal law?

ary and August? ham Clinton proclaimed her The public attitude toward Mr. Clinton's affair did not right-wing conspiracy," ber

good-times-roll attitude to enemies but from a small ward our politicians, they have, secret clique of lawyers in their more or less, always been like 30s who share a deep annipathy

Separating the personal that "secret clique." Don Van from the political is not a lib-

what do we tell the chil-

They keep waving their hands, hoping the teacher, or anybody, will let out school. the president's secretary, Betty Currie. She is a nice woman, and

expect them to take the chance of her breaking into tears?

All Democrats and many Republicans decided long in advance of the trial that although they thought Mr. Clinton terribly naughty, his lying and obstructing justice are not grounds serious enough to be convicted. Senator Daniel Patrick Moynihan, Democrat of New politicians, goes along with them. In 1993 he warned Amer-

ica against "defining deviancy And they pass up the critical down —acceptance of actions witness on influencing a witness, we once regarded as acutely of-

wrote those words in last Sun-

day's issue of The New York

Times, reporting on how a

group of young, politically committed (and obviously

skilled) lawyers spent five

years working on the Paula Jones lawsuit and "then

helped push the case into the

criminal areas and into the office of the independent

counsel, Kenneth Starr."
None of this excuses Mr.

Clinton's wrongs. But the public's logic in this case is seamless: If most people do

not want a president judged by his sexual life, and if they

come to believe they have

been forced to do so primarily

by the actions of his enemies,

they will turn even more harshly against them than against him.

decided that this case is at

bottom about neither sex nor

perjury nor obstruction but politics. It is why Democrats

have found it easy to hold firm

behind Mr. Clinton. And it is why Trent Lott, the Senate

majority leader - having

made relatively modest con-

cessions to House managers

on the issue of calling wit-

nesses - will try to shut the

trial down as fast as he is

A year ago, it seemed that Mr. Clinton's critics might

win the argument. He surely

gave them the ammunition. Mr. Clinton came back not

because he was so ingenious,

and certainly not because he was guittless. His enemies

threw away a rather powerful

case because they were too public and too unreleating in

their willingness to use every

available weapon to get rid of

him. The public did not like that, and still does not.

That is why a majority has

York, one of my very favorite

fensive, immoral or illegal.

Derision time, right enough

country brain-deep in his own muck. Forgetting that is like forgetting that Judge Lance Ito did not kill O.J. Simpson's wife.

Mr. Clinton gambled the reputation of the presidency — showing what he thought of the office and himself. He lied. He lied in private and

in public, with or without oath. He lied to friends, enemies, subordinates. He proved what Senator Bob Kerrey, Democrat of Nebraska, once said about him: 'Clinton is an unusually good liar, unusually good."

If perjury aggravated by re-petition is not enough, examine damage to government. He cap-tured and tied up the entire White House in his lies. He lied directly to some of his government employees, used others as shields, and kept some theoretically ignorant so they could say sorry, we cannot inform the public.

Impeachment is a political and moral matter, as well as legal. Nobody I know, except senators, even pretends "non-partisanship" about the trial re-I voted for Mr. Clinton twice

- first with great hope, the second time because near Election Day I thought he might be better equipped than Bob Dole. I was wrong, trapped in the rem-nants of old hopes about Bill

A guilty verdict would repair the presidency and country. The

Censure must be plain and tough enough to leave a reminding bite mark through history.
In The Washington Times of Jan. 15, Jim Guirard Jr., a Washington attorney, offers a

suggestion. The motion of censure, passable by simple majority, would consist of the impeachment articles already approved by the House of Representatives but deleting reference to trial bit verdict.

The president would not have to agree or sign — a demand that would guarantee insipidify. But both Houses would support and preserve the validity of the perjury and obstruction of justice charges.

There would be no punish.

ment but history's. And della ancy would be defined upward. The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Cup of Death PARIS - Our wide-awake

seems to be very wide of the mark, for the article in question is headed "Tea Drunkards," and it seems England is full of people who habitually "drink a great deal more than is good for them." What does that mean if

1924: Fashion Week

frocks with long draped skirts and normal waistlines begin to feel that luck is against them, for there is no doubt about it that frocks have a strong tendency to forget entirely the waist-line. They utterly disregard the fact that all women are not eighteen and that a good belt has often covered a multitude of sins, so far as figures are concerned... 1

1949: Stalin Agrees wi

jection" to a conference with President Truman toward ending the cold war. Premier Stalin said that Russians would lift the Berlin blockade provided that: 122
The Western powers posipone creation of a separate west German state pending a decision by the Big-Four Foreign Ministers on the German question as a whole 2—The Western powers simultaneously lift their block have a fairly good wardrobe of ade against eastern Germany.

understandably neivous Do you 1- on that one continuous Re- whites would for at least the member who got us here, who years retain the political and forced the trial, who put the economic continuity so many want. Al Gore, the man Mr. Clinton picked, would be in the White House. Republican leaders, in terror of the public, say there is no chance of a two-thirds majority moral, political and historic for a guilty verdict, so let's qui trying and get out of here. That is nullification of law by jury openly and during the trial. Censure: The constitution makes no place for any decision on impeachment but guilty of not guilty. But, atoning for my second Clinton vote by laying down my status as a constitutional expert, temporarily, I sacrifice opposition to censure if the move to fline for Le convict fails.

contemporary, the Daily Mes-senger, produces an alarming indictment of the cup of tea "that cheers but not inebriates" - though this last statement

not that they are often "half seas over." It looks as though the man who drinks a cup of tea might just well order his

PARIS — With each opening of the Paris dressmakers, the outline becomes less vague. The rumors of the past week become facts, and those women who

LONDON - Premier Josef V. Stalin said that he had "no ob-

but of Order

lede fined Upw

Gore Opens the Fight on Farm Tariffs

In Davos, He Outlines U.S. Plan for Broad and Deep' Cuts in Frade Talks

By Alan Friedman and Jonathan Gage

International Herald Trib DAVOS, Switzerland - Vice President Al Gore

brought the U.S. trade agenda to Europe on Friday, announcing plans for the United States to kick off the next round of global trade talks with a call for "broad and deep" cuts in farm tariffs that he said were barriers to international trade.

Speaking in Davos to a gathering of political and business leaders from around the world, Mr. Gore said, 'The United States will call for broad and deep reductions in agricultural tariffs - which now av-

erage a steep 40 percent."
He said it would also call "for the outright elimination of agricultural export subsidies, which are found in no other sector.'

In signaling the tough stance Washington will take in talks scheduled to intensify this year, Mr. Gore challenged the European Union, which spends nearly half of its \$100 billion annual budget on farm subsidies. The subsidies, he said, "cost the average European family about \$1,500 a year.

The issue of farm subsidies is among the most politically sensitive in Europe, and Sir Leon Brittan, the EU trade commissioner, has repeatedly found his attempts to bring the issue into negotiations styrnied imagediate backing of Gordon Brown, chancellor of politically sensitive in Europe, and Sie Leon Brittan, the EU trade commissioner, has repeatedly found his attempts to bring the issue into negotiations styrnied by internal opposition, especially from France.

Mr. Gore stressed that his call for freer farm trade

Malaysia's currency controls will be eased. Prime Minister Mahathir promises. Page 13.

came just a week after President Bill Clinton backed

moves for a new and broader round of global negotiations to expand trade in services, manufacturing and farm products. "I am especially hopeful that these trade talks will raise living standards for the world's farmers and ranchers," he said.

Mr. Gore also announced that Mr. Clinton would propose "significant" new funding for the world's poorest and most highly indebted countries next

The vice president said that poor countries should not be forgotten, even as the world's top financial officials, at the annual meeting of the World Ecoimmediate backi

The Briton said he hoped the move could be rapidly approved by Group of Seven nations, whose

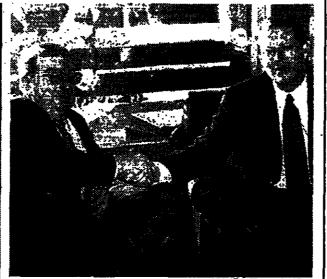
finance ministers convene Feb. 20. The new German government also signaled its support for the debt plan. The previous government

was lukewarm to the idea.

"We must never lose sight of the poorest nations," Mr. Gore said in discussing the U.S. ini-

"I hope this can be the year when international financial institutions are able to fully do their part -including carrying through on a long-discussed pro-posal, the mobilization of a small portion of the IMF's gold reserves."

For three years the international financial community has been discussing, inconclusively, the idea of selling some of the International Monetary Fund's gold stock in order to finance aid for the world's



Vice President Al Gore, meeting with, above, Prime Minister Yevgeni Primakov of Russia and, at left, Klaus Schwab, founder of the Economic Forum.

Sizzling U.S. Economy **Tops Experts' Forecasts**

It Grew at 5.6% Annual Rate in Last Quarter

WASHINGTON — The U.S. economy grew at a breakneck 5.6 percent annual rate during the final three months of 1998, ending a year that saw U.S. prosperity undiminished in an econom-

ically troubled world. The gross domestic product, the total output of goods and services, grew at a faster-than-expected 5.6 percent annual rate, capping a year in which the economy expanded 3.9 percent, the Com-

merce Department said Friday.

That followed an identical increase in 1997 and a healthy 3.4 percent rise in 1996, making the three-year period the economy's most robust run of growth since 1984-86.

All this was accomplished with negligible inflation. A price index tied to the GDP rose 1 percent last year. There has not been a rate that low since 1959, also I percent, and it has not been lower since 1950, when it was 0.9 percent.

"The fourth quarter was a blowout arter in what was a blowout year for the U.S. economy," said Allen Sinai of Primark Decision Economics in Bos-

"The driving forces were the consumer, business capital spending and residential construction," he said. 'That's the result of the tremendous increase in purchasing power that came from lower inflation and lower energy costs and low interest rates."

The fourth-quarter rate, the highest quarterly rate in two and a half years. surprised economists, but then they have been surprised all year. They have been predicting — and continue to pre-dict — that U.S. economic growth would slow markedly as a result of the spillover of the slump in Asia, Russia and Latin America onto manufacturing, agriculture and energy.

Analysts expected a fourth-quarter 4.5 percent gain following a 3.7 percent gain in the third quarter.

Now, with economic momentum so strong at the end of the year, analysts say a slowdown will not show up before the April-June quarter.

"Growth is going gangbusters," said Suzanne Rizzo, chief U.S. economist at Maria Fiorini Ramirez Inc. in New York. "There's no obvious reason for growth to slow down, and I doubt it can continue at this pace without the Fed

stepping in."
The Federal Reserve Board cut in. terest rates three times in the second half of 1998, giving the stock market a lift and stimulating the economy.

Consumer spending led the way in the fourth quarter, rising at a 4.4 percent rate. It rose 4.8 percent for the year, the

largest annual gain in 14 years. In December, the current period of economic growth that started in April 1991 became the longest peacetime expansion on record, passing the 92month Reagan-era expansion.

The only longer expansion, between 1961 and 1969, coincided with the buildup for the Vietnam War, according to the National Bureau of Economic Research Inc., which has collected data back to 1854.

A Strong 4th Quarter Percentage charige in U.S. gross domestic product, adjusted for initiation

The 4.8 percent increase in consumer spending last year was the most in 14 years. Housing construction surged 10.4 percent, also the most in 14 years.

But, to maintain the frenzied pace, consumers reduced their savings rate --savings as a percentage of after-tax income — from 2.1 percent in 1997 to 0.5 percent in 1998, the lowest since 1933.

That is not quite as dire as it seems. It reflects the fact that consumers are spending a fraction of their stock market gains and, those who refinanced mortgages at the lowest rates in three decades, a portion of their home equity.

Business investment in new equipment jumped 16.7 percent, the most in six years, offsetting a 0.7 percent decline in construction of commercial buildings. Equipment purchases were driven by computer sales, which rose 62 percent.

Adjusted for inflation, GDP totaled

\$7.670 trillion in the fourth quarter. That compares with \$7.567 trillion in the third quarter. Before adjusting for inflation, GDP totaled \$8.673 trillion in the fourth quarter, when measured at an annual rate, compared with \$8.538 trillion in the third quarter.

Despite the national growth last year, manufacturing deteriorated in the Midwest in January, with a slowdown in production and new orders forcing an increase in inventories.

The National Association of Purchasing Management-Chicago said its. monthly index of regional manufactur-ing declined to 47.1 this month from 51.1 in December. An index above 50 means the humber of manufacturers who said business improved was greater than the number of those saying

teriorated. The decline "just indicates the pressures on the manufacturing sector coming from falling commodity prices and a slowdown in export growth, which is coming from foreign economies that are hitting the wall," Brian Wesbury, chief economist for Griffin Kubik Stephens & Thompson Inc. in Chicago.

Though the index measures activity in the Chicago area, in the past it has foreshadowed the National Association of Purchasing Management's factory index, due Monday, which measures conditions nationwide (AP, Bloomberg)

How to Avoid a Crash: Mend the Road or the Drivers

By Louis Uchitelle New York Times Service

DAVOS, Switzerland — A striking metaphor is almost all the blame. helping to frame the debate-over the global financial 1,1.1 it was because of copy, capitalism, bad banking capitalism, capitalism, bad banking capitalism.

Some of the movers and shakers gathered here for the World Economic Forum say the debacle, which started in Asia and spread to other developing areas, brings to mind a slick stretch of highway, scene of a half-dozen recent auto accidents. Is it careless driving or the highway that is to

Substitute freewheeling worldwide capital flows

and unrestricted lending for the slippery, fast-moving highway. Make South Korea, Thailand, Indonesia, Russia and Brazil stand-ins for the drivers and their cars. The accidents are the panics and recessions - the crackups - that have devastated each of these

And the question now so widely debated is simple

enough: Are the countries or the unrestricted capital flows, or both, mostly to blame?

After the first accidents, the countries came in for

and overleveraged real estate investments, many experts said. Fix the sloppy financial practices and make enough bailout money available when a country gets into trouble — basically the current strategy of the International Monetary Fund for Brazil — and the accidents will be avoided or, at worst, will be

mere fender benders. But spectacular wrecks have occurred with alarming frequency and severity in the last 18 months, even in Brazil, and some who had mostly blamed the countries have begun to argue, here and in earlier interviews, that the highway itself — the global financial system and the lenders that are its foun-

dation — needs serious fixing, too. The Clinton administration had placed most of the blame on the countries, and still does.

But its view, like that of the IMF, is starting to reflect a more nuanced appraisal.

"We have seen that countries need to pursue sounder policies and avoid lurching for short-term Summers, the deputy U.S. Treasury secretary. But in an interview, he also called for "more prudence of the part of the lenders.

To be sure, the United States still disagrees sharply with its partners in the Group of Seven industrial nations over the need — and the extent — of any overhaul of international financial regulations, with European and Japanese officials pushing much harder for change

But in the U.S. administration's most direct acknowledgment so far that it is not always committed to unrestricted capital flows, Mr. Summers said: 'Where countries have controls that restrict shortterm lending, we have not in general sought to

See BLAME, Page 13

End of Line for London Shop a Cut Above the Rest

Tom Buerkle

International Herald Tribune

elegant if a bit tired in places, with its cherry shelves and relatively uncluttered floors time-honored quality. And the staff is well-informed and attentive, but never pushy.

short, is every bit the tradi- renaissance in Britional clothing store for Eng- tain and around the lish ladies and gentlemen. But world. "It representcountry, the style seems out of place in a Britain that aspires to modernity more than said of the store. "The asaid too large to be a specialty the flagship outlet of the local of the store." like so many things in this ed a time in England anything else. And so sistants were terribly polite. years of business, a short life by British standards but no

" said Jeremy Franks, getting the customers who did chief executive of DAKS not look like they would be times, the company decided

Cross Rates

New York (b)

Zerich

UR Euro Valuas

rather like the British em-

That analogy is echoed by

vision comedy "Are Served?" The 1970s

Many of the sales staff were retired army officers, less of an institution for that. and the assistants were An erosion of business ranked first, second, third, had been going on for some fourth and juniors — the latter

2.3317 191.03 2.4818 10.7594 464.47 12.82

1.1384 0.691 1.6123 132.10 1.726 7.4359 320.98 8.88

1.3898 0.8436 1.9699 161.49 2.1244 9.0584 391.18 10.802

But Simpson today is a victim of changes in retailing as Simpson label, effectively well as in society at large.

Simpson Piccadilly, the traditional clothing store for English ladies and gentlemen, is closing its doors for good on Saturday after 63 years of business.

> customers today are lured by the flashy designer boutiques

Simpson Group, the store's spending much, Mr. Lloyd last year to focus its efforts on members and longtime cusowner. "Perhaps we were said." its DAKS brand. It is closing tomers were repretting Frithe store and dropping the

> London tailor who founded the business in the 1890s, and opening adjacent DAKS boutiques for men and women on Jermyn Street.

In a reflection of the latest fad in retailing, the Simpson building — a land- the staff. mark steel-framed structure situated a ing a pilgrimage," stone's throw from Bayliss confided. Piccadilly Circus -

Waterstone's chain. But beyond retailing, there was a clear sense among Simpson staff that their vaunted service and dedica-

an era of suburban malls. catalogues and Internet shopping. It was the loss of that personal touch that staff

tomers were regretting Fri-

"I think retail standards eliminating the name of the are dropping elsewhere,"
London tailor who founded said John Bayliss, the store's general manager, who promised to maintain high stanat the boutiques.

He stopped to shake hands with and say hello to a longtime customer who came to the store to say good-bye to "A lot of people are mak-

Stopping among the rapidly dwindling merchandise,

many people expressed sadness at the demise of a London landmark. "I think it's awful," said

Adrian Halliwell, a lawyer from Cambridge who looked in vain for a bargain among the thinning sale racks. "It's another of our institutions, like the monarchy,

"We tear them "I bought my first suit here," Yvonne Hubble told a

was New Year's Eve 1948, and she was going out on her first date that night with a new boyfriend to see the musical "Oklahoma." The suit apparently worked. 'I married him,' she said.

Mrs. Hubble has been a faithful Simpson shopper over the years, and her niece worked there as a graphic designer. But the sight of the bare shelves and the few remaining sale racks of clothing left her wistful.

"It's the end of an era. It's sad really," she said. Still, she was determined to get a memento. "I'm going to something whatever, for me and my

AIRPORT AUTHORITY

Janitorial Service for the **Northwest Concourse** Hong Kong International Airport

The Airport Authority is responsible for the management and operation of Hong Kong International Airport at Chek Lap Kok. Hong Kong has the world's fifth busiest international airport, the new Hong Kong International Airport has the capacity to cater for 35 million passenger in its first year of operation with an on-airport work force of around 45,000 employees.

The Authority is looking for a private sector organisation to undertake the provision of janitorial service for the Northwest Concourse of the Passenger Terminal Building scheduled to open in mid 1999. The contract term will be either three or four and a half year, it is estimated that a total of 44,300m2 of floor area, and related wall finishes, roofing, fixtures, fittings and equipment, will require to be serviced.

The Authority is looking for a substantial janitorial service organisation to undertake this contract. Parties interested in this opportunity can register with the Authority, in writing, for an Expression of Interest Document. This document asks a series of questions, responses to which must be received by 1 p.m. on 26 February 1999. Late returns will not be considered. Responses will be evaluated in order to draw up a short list of potential contractors. To receive a copy of the Expression of Interest Document, please contact :

Miss Nerlssa Chow Manager - Contracted Service Airport Management Division **Airport Authority** Hong Kong International Airport Lantau Hong Kong

Tel No.: (852) 2183 3203 Fax No.: (852) 2802 8012

All cost associated with any submission in response to this notice shall be entirely the responsibility of the organisation(s) concerned. The Authority reserves the right to reject any application at its discretion and without





LONDON - The store is pire.' offering a relaxed shopping assistant at Simpson atmosphere. The clothes are in the early 1950s finely tailored and tastefully and turned his obserconservative, the look of vations into the tele-

You Simpson Piccadilly, in show is enjoying a

Simpson is closing its doors and there was a pecking or-for good on Saturday after 63 der, like there was in life."

Jeremy Lloyd, a comedy The 60,000 square-foot, writer who worked as a junior seven-story building is too

store, Mr. Franks said. Many of nearby Bond Street or the broad range of London_department stores such as Har- tion was no longer valued in vey Nichols or Harrod's, he

So in keeping with the

CURRENCY RATES

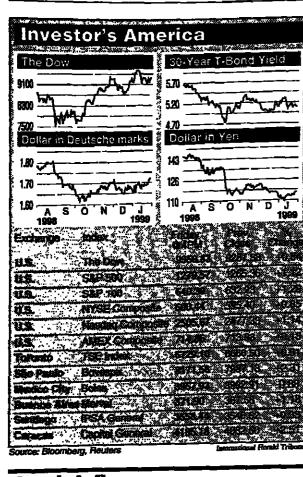
small gathering of reminiscing shoppers. Jan. 29

European Cross Rates

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Very briefly:

 Medtronic Inc. plans to close five manufacturing sites and cut or relocate 1,600 jobs now that the pacemaker manufacturer has completed its purchase of the angioplasty-products company Arterial Vascular Engineering Inc. • Lucas Varity PLC is closing a Cincinnati brake plant that has about 230 workers. The British car-parts maker announced

the closure a day after agreeing to be bought by TRW Inc. Canada's gross domestic product expanded 0.4 percent in November on stronger manufacturing and retail activity.

• Kellogg Co.'s fourth-quarter profit before charges fell 41 percent, to \$93.1 million, as the cereal giant spent more on marketing to stem sales lost to lower-priced brands. Sales fell to \$1,60 billion from \$1.62 billion a year earlier.

LTV Corp. posted a loss of \$14 million for the fourth quarter as a wave of imports weakened prices and took away orders from U.S. steel mills. It earned \$39 million in the like quarter a year earlier. Sales fell 14 percent to \$989 million. • Tommy Hilfiger Corp.'s third-quarter net profit rose 50 percent, to \$57.8 million, on strong sales of jeans and women's clothing and less discounting during the holiday shopping

 Barney's Inc. emerged from over two years of bankruptcy protection after the upscale retailer received \$62.5 million in equity from its former creditors.

• General Motors Corp. will build a \$250 million transmission factory in the Baltimore area by 2001, partly to employ 470 workers from an underused assembly plant in the city. • Anthem Inc. expanded its presence in the Northeast by paying \$120 million for Blue Cross & Blue Shield of New

npshire, turning the nonprofit insurer into a mutual company. The deal must be approved by state regulators. • Genamerica Corp., one of the first mutual life insurers to sell

shares to the public under a hybrid structure two years ago, is dividing its equity among policyholders to become a company owned completely by stockholders. The company said the move would allow it to raise more capital. NYT, AP, Bloomberg

Brazilian Real Dives as World Bank Refuses Aid to 2 States

SAO PAULO - The Brazilian currency numbled Friday to its lowest level since the Jan. 13 devaluation after the World Bank refused further aid to two states and the government was forced to deny nimore that it was planning to close banks Monday.

Investors, concerned that rising interest rates will make it impossible for the government to repay its 320 billion reals (\$166.67 billion) of domestic debt, drove the real lower, with the dollar hitting a high of 2.105 reals in Sao Panlo trading. In New York, the dollar rose to 1.9450 reals from 1.9200 reals Thursday.

percent since it was devalued Jan.

ibility can put an end to the rise of the dollar' against the real, said won't be restructuring of the doPedro Tomasoni of Lloyd's Bank.

The inbless rate was 7.6 percent "Brazil's image is so bad that foreign banks are not even renewing

lines of credit for foreign trade." But stocks rose sharply, with the benchmark Bovespa index 544.08

Francisco Lopes, reiterated that Brazil planned to pay all its domestic and foreign obligations, countering speculation that the country's banking system was running short of dollars. Finance Minister Pedro The real has fallen more than 40 Malan also ruled out imposing price controls to stifle inflation.

"We won't have a weekend 'Only the return of Brazil's cred- package, bank holiday, fireworks

Capital flight of more than \$8.3 billion this month has hammered the former President Itamar Franco, real Outflows Thursday totaled triggered the Brazilian crisis by sus-\$215 scrambled to repay foreign debts

The central bank raised interbank count. interest rates to 37 percent from 35.5 percent in an attempt to stem capital

In a clear bid to support the be-World Bank held up \$209 million in development loans for a series of projects in the states of Minas Gerais and Rio Grande do Sul, in-

The governor of Minas Gerais, million as companies pending payments on \$13.5 billion of debt to the federal government for points, or 6.81 percent, higher in midday trading, at 8.531.21.

President Fernando Henrique President Fernando Henrique more than \$70 billion last Angust. his state's debt into an escrow ac-

The World Bank said the money for projects in both states would be withheld for 60 days, and would be reviewed if the states restored direct aguered federal government, the payments on their debt to the federal government.

Unemployment reached its highest level in at least 16 years last year, the government-run Brazilian

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BUSTOCK MARKET

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in 1998, up from 5.7 percent the year before, said Shyrlene Ramos de Sonza, an institute consultant, and was likely to escalate amid the economic crisis unleashed this month. The rate, which covers Brazil's six largest metropolitan areas, isi the highest since the institute bagan monitoring joblessness in 1983

Independent economies routinely criticize the institute's methodology, saying it underestimates unemployment. A study by the labor-union funded Diesse/Scade foundation put unemployment in the greater Sao Paulo region at 18.8 percent for 1998, the highest rate recorded by the group since 1985.

(NYT, Bloomberg, AP, AFP)

Dollar Rises to Record Against Sinking Euro

to a record against the euro for the Kathleen Stephansen of Donaldson, second day in a row Friday as a Lufkin & Jenrette. Ms. Stephansen report showed a booming U.S. economy in the fourth quarter of 1998 while traders are scaling back their expectations for growth in Europe. People are getting more bullish on the dollar," said Jeff Berger,

FOREIGN EXCHANGE

director of foreign exchange and

commodities at AlliedSignal Inc., Forecasts were for a stronger Europe and a slower U.S., and that's

just not happening."
In late trading, the euro fell to \$1.1365, its lowest level since the launch of the single European currency Jan. 4, from \$1.1416 on

The dollar inched up to 116.42 yen from 116.35 yen as Japanese exporters took advantage of the U.S. currency's 2 percent rise this year to convert their dollar profits into yen, U.S. gross domestic product rose

at an annual 5.6 percent rate in the fourth quarter, the Commerce Department said, the fastest quarterly growth in more than two years. In Germany, the Kiel Institute for

World Economics, one of the country's top think-tanks, has reduced its forecast for German growth this year to 2 percent from its previous percent estimate. The economic differentials be-

Friday, Jan. 29

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FEEDER CATTLE (CMER)

NEW YORK — The dollar rose favor the dollar big-time," said a record against the euro for the Kathleen Stephansen of Donaldson, added, "The U.S. is still an environment that does not call for lower rates, whereas in Europe the motive is there for a rate cut."

Even with the strong U.S. growth, inflation remained in check. The GDP price deflator, a measure of price increases followed by many investors, rose at a 0.8 percent pace in the fourth quarter, the smallest quarterly increase since 1959.

The combination of strong growth and low inflation is likely to lead Fed policymakers meeting next week to leave benchmark interest rates unchanged at 4.75 percent. But the European Central Bank is

expected to cut borrowing rates in coming months in an effort to sustain growth. Policymakers meet on Thursday to set the benchmark refinancing rate, which currently stands at 3.0

In Japan, the deputy finance minister, Eisuke Sakakibara, said Tokyo would "intervene when the yen strays into an area of excessive strength," without specifying what this level would be. "An excessively strong yen is not desirable," he told the annual meeting of the World Economic Forum in Switzer-

The dollar rose to 1.4150 Swiss francs from 1.4117 francs, while the pound fell to \$1.6460 to \$1.6493.

Merger Lifts JDS and Uniphase

TORONTO - JDS Fitel Inc. and Uniphase Corp. shares hit records Friday after the two technology companies an-nounced they were merging in a \$6.1 billion deal that will create one of the world's largest fiber optics components makers.

In late trading, Uniphase, based in San Jose, California, gained \$8.5 to \$89.125, while JDS climbed 5 Canadian dollars (\$3,29) to 65 dollars.

Uniphase makes lasers that amplify signals on fiber-optic networks and IDS makes the filters and other gear that helps boost network capacity. The companies plan to combine the parts to sell phone-equipment customers like Lucent Technologies Inc. the simplified line of products they are demanding. Further, Uniphase and JDS.

which had begun to compete with each other, now will tower over their nearest competitor, E-Tek Dynamics Inc.

Uniphase's chief executive, Kevin Kalkhoven, said there was "little or no overlap" in the products offered by the two companies.

Based on second-quarter re-sults, the two would have combined annual sales of \$510 mil-(Bloomberg, Reuters)

Computer Retailers Push Nasdaq to a New High

Friday as investors focused on a re-

port showing continued strength in the economy, with technology stocks lifting the Nasdaq composite index over 2,500 points for the first time. The technology-heavy Nasdaq index finished at a record 2,506.22 points, up 28.88, led by retailers of

d computers. Dell Computer rose 5 15/16 to 100% after a personal-computer in-

U.S. STOCKS

dustry report showed the retailer growing much faster than its rivals. International Data Corp. reported that Dell's shipments rose 56 percent in the fourth quarter, giving it 8.4 percent of the world market.

"Their growth is still very ro-bust," said Duane Eatherly, portfolio manager at Banc One Investment Advisors Corp.

Oracle gained 1 11/16 to 55% after the No. 1 database software maker said Hewlett-Packard Co. will make and distribute the first server appliances, bypassing Microsoft's Windows operating system. Hewlett-Packard will be the first to partner with Oracle on this product, code-named Raw Iron. to 5.09 percent from 5.10 percent. Hewlett-Packard rose 41/2 to 783/8. Amgen, the world's biggest bio-

technology company, rose 8 7/16 to cents a share, as sales of its block- what I'm focusing on.'

'If you take out technology and NEW YORK — U.S. stocks rose riday as investors focused on a react showing continued strength in Ehrenkrantz King Nussbaum. "Banks go up one day and down the next. Investors are focused on the Internet and the Nasdaq. Clients don't even refer to the Dow anymore. They ask me about the Nasday first. I've never heard that be-

Investors cheered the 5.6 percent rate of gross domestic product growth in the fourth quarter, which suggests that corporate profits will continue to grow. Manufacturing stocks generally shrugged off a re-port by the Purchasing Managentent Association of Chicago that showed slower manufacturing growth in the Midwest manufacturing in January.

The Dow Jones industrial average rose 77.50 points to 9,358.83, with advancing issues leading decliners by a 17-to-13 ratio on the New York Stock Exchange.

The broader Standard & Poor's 500-stock index gained 14.27 points at 1,279.64. The strong economic growth

came with very low inflation, cheering the bond market. The benchmark 30-year Treasury bond pose 9/32 to 102 15/32, reducing its yield 'We're seeing a pattern here,"

said John Boritzke of M&I Investment Management Corp. "That pat-128 after reporting earnings of 90 term is one of low inflation. That's

(AP, Bloomberg)

U. S. STOCK MARKET DIARY

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U.S. and EU Reach Truce in Banana War

GENEVA - The European Union and the United States will submit a key factor in their row over banana trade to arbitration by the World Trade Organization, a move that effectively puts the dispute on ice until March 3, negotiators

said Friday.

The United States had been threatening to impose \$520 million dollars' worth of punitive tariffs on EU products.

The European Union on Friday requested arbitration from the WTO, asking that it rule on the amount and the appropriateness of the sanctions, negotiators said.

Under the WTO rules, the United States cannot receive authorization from the world trade panel to impose sanctions until the arbitration procedure has been exhausted.

Since the arbitration proceedings are due to end by March 3,

that is the earliest date the United States can imposer the sanctions, they said. The dispute focuses on the EU's banana import policy, which Washington claims favors former European colonies

Africa, the Caribbean and the Pacific, at the expense of producers in Latin America. Washington had said that changes made by the EU to bring

its laws into line with rulings by an earlier WTO panel report had merely been cosmetic.

The head of the European Commission had said earlier
Friday that he could see no prospect of a solution in the near

future.

"It doesn't look right now like it is on its way to being resolved," said Jacques Santer in Davos.

The United States had hoped for approval for the sanctions at a meeting last Monday, but Caribbean banana producers allied with the EU blocked the agenda to prevent the issue even being discussed.

(AFP, AP)

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EUROPE

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GERMANY: Warning Strikes

Continued from Page 1 たるか

123 Sachs & Co. in Frankfurt. "What 25 soncerns the ECB is that higher unbaremployment will add political pres-Cosure on the ECB to lower rates."

That "It is definitely an argument for any the ECB to stay on hold," said Ecked hard Schulte, analyst in Frankfurt at neithe Industrial Bank of Japan. "The wage round in Germany has a very high significance for the ECB."

2 St. Other unions have begun to mimmile IG Metall's combative tone. On Triday, the moderate head of the 32 nation's vast public-sector union, cit Herbert Mai, complained that 6.5 private-sector incomes have grown retwice as fast as public-sector wages in the past six years.

"Public services must no longer trends in incomes," said Mr. Man, who is seeking a 5.5 percent wage increase for the nation's 3.2 million public sector and transportation workers.

o a New High After 16 years under a conservative government, German unions this year seem determined to flex muscles подет three-month-old leftist administraation of Chancellor Gerhard Schroeder, hoping for a friendlier

bargaining climate.

Under the motto "No More Modin esty," IG Metall this year refused to accept another year of low wage increases in the name of national veindustrial competitiveness.

- 'S' It accused Gesamtmetall of a of' provocation' in offering a 2 percent wage increase, with an added ins0.5 percent bonus for companies

that can afford to pay more. tralized control of national wages,

· 701:

-33



the A demonstrator Friday at a Daimler Chrysler plant blowing a whistle labeled "We've Had Enough."

leader, the deputy president, Walter Riester, who became Mr. Riester, who became Schroeder's labor minister.

Replacing Mr. Riester is Juergen Peters, a hard-liner and traditionalist whose combativeness seems aimed

at establishing his authority.

bonness to contracts that by tradition apply equal wages and benefits nationwide.

Above all, IG Metall's stance is a test for the union itself. It lost its most moderate and modernizing leader the departy received to Walter a round table of government, a Feb. 11 deadline for employers to industry and unions to thrash out a make a new and more "serious" consensus approach to fight the nation offer. If no progress has been made tion's chronic unemployment. But by then, the union will call a strike industry could lose its appetite to vote by Feb. 17.

Companies in Eastern Germany leader the departy received at Walter and modernizing offer concessions if unions fail to the departy received to the union's united front. give ground on wages. The "Al-threatened the union's united front hance for Jobs" talks, as they are on contract negotiations. The em-

known, already began with a sal-ployers' federation in the state of vage backlash from industry over. Saxony announced Friday that local the new leftist government's po- companies can ignore the contract if they choose.
Industries and unions in Saxony

at establishing his authority.

Union militancy also threatens to undermine economic policy in Bonn. Mr. Schroeder wants to conful. The IG. Metall negotiations related to sume Wednesday in Stuttgart. The have often rebelled against West union already has plans in place for a German regulations, saying it hambles to conful. Peters has set strings their industry.

VOLVO: The Squeeze Is On

Continued from Page 1

hixury cars in Europe.

BMW AG and Porsche AG, meanwhile, have continued to be successful as smaller producers of more expensive sedans and sports cars. BMW has been the subject of repeated takeover rumors, but the company has adamantly denied any

interest in selling.
But most of Europe's other producers are struggling to bridge the gulf between mass and class. Thanks to global overcapacity and a reluctance by European consumers to spend, competition has been brutal for the last several years among producers of midsize or small cars.

Unlike most of its European peers, Volkswagen is already big enough to compete in today's environment. It produces more than 4 million cars a year and has about \$11 billion in cash to make additional acquisitions.

The situation is considerably grimmer for French and Italian car companies. Though Fiat has a sig-nificant international presence, it has far less cash than Volkswagen or Ford and has been under increasing competitive pressure.

Renault of France had a strong year in 1998, thanks to the success of its new Scenic minivan in Europe. But it still produces fewer than 2 million cars a year, and Peugeot is only slightly bigger. Analysts say both French automakers are in a poor position to keep up with the accel-erated pace of developing new models at low prices. The heightened competition means that all companies are under pressure to spread research and development costs over

a much wider array of cars.

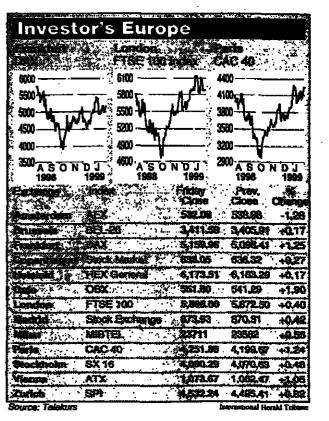
While companies like BMW and Porsche can avoid the problem to some extent because they charge premium prices, mass-market pro-ducers like Renault and Peugeot

have no such maneuvering room.

The French companies face political as well as financial challenges. The French government has tradi-tionally blocked attempts by foreign companies to acquire major French corporations.

■ Fiat Operating Profit Drops

Fiat reported Friday that fourth-quarter profit from operations Italy and Brazil, its top two markets. debt.



Very briefly:

EU and South African negotiators reached agreement on a long-stalled bilateral trade accord, the South African trade and industry minister, Alec Erwin, said following talks in Davos, Switzerland. He declined to give details of the agreement.

· Bayerische Motoren Werke AG, the German luxury carmaker, said 1998 earnings would fall as a result of declining sales and the cost of job cuts at its unprofitable U.K. Rover Group unit. BMW sales in 1998 rose 5 percent.

• Inflation in the 11-nation European single currency region fell in December to 0.8 percent, its lowest annual rate ever, led by falling commodity costs and greater price competition in Germany and France, the EU statistics office said.

• Boots Co., Britain's largest drugs retailer, is to spend £49 million (\$80 million) over the next four years on opening 45

bealth and beauty stores in the Netherlands. • AO Sidanko, Russia's sixth-largest oil producer, is to face bankruptcy proceedings after one of its creditors, Beta-Eko, filed a lawsuit against it, according to a senior Sidanko

 French unemployment held at a three-year low in December of 11.5 percent as the number of job seekers fell to its lowest level since May 1992 as companies added temporary workers amid slowing exports and falling business confidence. The number of registered job seekers fell a greater-than-expected 40,900 to 2.899 million from 2.940 million.

• Russia's industrial production grew by 3.1 percent in the fourth quarter, an unexpected result of the country's economic fell 95 percent, to 39 billion line crisis, which began in August with the devaluation of the ruble (\$22.9 million), on lower sales in and the government's effective defaulting on its foreign

72 percent, fueled by sales of its

2 I pany, said Friday that fourth-quarter 2:10 profit rose a greater-than-expected

share into two. Total net sales in 1998 increased mobile phones.

Nokia's Profit Advances 72% as Phone Sales Jump

to 79.2 billion markkaa from 52.6

Bloomberg News

a year earlier. Analysts expected net ing from a line of new, sleek hand-compared with Ericsson," said Har-sets and from investing in its net-ald Pousette, a trader at Nordiska world's largest cellular phone company also said it would split each works division, which sells equip-fondkommission. ment for transmitting calls between

In comparison, Sweden's Eric-

Noiria shares rose 1 euro to 128.50 euros (\$146.69). Nokia said its board would seek permission to billion markkaa the previous year.

Soon AB said Thursday that profit issue 120 mutton new snares, worth fell 3 percent as prices for its older range of phones shumped. "The tations that the company will speed company looks enormously strong up the pace of acquisitions.

WORLD STOCK MARKETS s for EMU cou

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Rate Slips Record

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Jobless Rate In Japan Slips From Record

TOKYO - Consumers and officials shed some of their gloom as Japanese unemployment declined and the government began distributing Thursday billions of dollars worth of shopping vouchers to stimulate the stagnant economy.

The Japanese economy is slowly improving. the top economic planner insisted, noting that the jobless rate fell to 4.3 percent in December from a record 4.4 percent in November.

"Some December indicators, including un-

employment, are actually improving," said Taichi Sakaiya, head of the Economic Planning Agency. "If we have some supporting measures for the economy in the January-to-March quarter, the bright moves we saw in November and December will lead to an improvement of economic activity.'

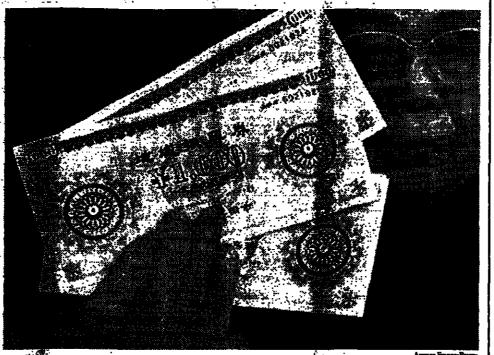
The number of unemployed people totaled 2.73 million in December. Mr. Sakaiya's agency also reported that con-

sumers have turned less pessimistic, hinting that they may spend more. The consumer sentiment index, which measures how consumers view economic conditions for the coming three months, rose to 367 in the quarter ended December from its record low of 34.9 the

previous quarter.

The fledgling recovery in consumer confithence comes as the government began dis-tributing vouchers worth 1,000 yen (\$8.60) each to a total of 35 million people. The program, which will cost a total of 770 billion yen, is targeted at families with children aged 15 or less
and low-income and bed-ridden elderly people.

As consumers spend less and wages fall, longer by deflation has become a growing concern. Conunctified the coupons, which are being distributed by sumer prices fell 0.4 percent in December from Capital.



A woman showing coupons she received as part of a program to spur consumption.

local governments and carry a variety of the previous month, the Management and Codesigns, including cartoon figures, must spent in the local area within six months.

spent in the local area within six monus.

The program began as the government announced that total household spending fell 12 of the 13 months through November while into the 13 months through November while into the 10 of those months.

The program 'an absurdity.' 'All it is going to do is allow people to use that instead of money they would have spent,'

comes fell in 10 of those months.

Heusehold spending by families led by salarhe said. ied workers fell 0.1 percent in December, bring-ing the total decline last year to 1.8 percent from the previous year, the biggest drop since 1974. Household spending represents 60 percent of the Japanese economy.

ordination Agency said.

Other analysts questioned the positive em-

ployment data.

The decline in the unemployment rate would seem to indicate that those unemployed who have given up looking for work are no longer being counted among the number of unemployed," said Yoshiko Onuki of Barclays

Thais Cut Bank Rate 5.5 Points

BANGKOK - The Thai central bank cut its official bank rate Friday for the first time in two and a half years as it sought to encourage eco-

The bank cut the rate, which it charges on short-term loans to private financial institutions, to 7 percent from 12.5 percent, effective "The central bank had no out-

standing loans to commercial banks at 12.5 percent, so we decided on a substantial reduction to signal where appropriate long-term in-terest rates should be," said Tasna Rajatabhothi, the central bank director who announced the change. He said the reduction was made possible by the strengthening of the

The cut was bigger than expected, even though most commercial banks have trimmed their loan rates about 10 times in the last six months and sought to push such large lenders as Bangkok Bank and Thai Farmers Bank to cut their rates further.

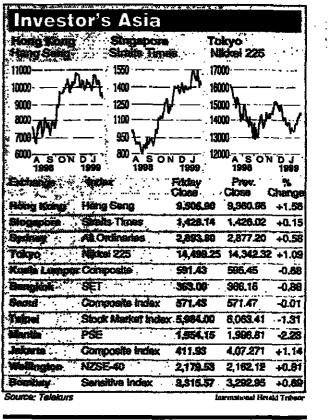
The cut aims to stimulate an economy that shrank by 8 percent last year. The central bank has gradually eased monetary policy since mid-1998 by borrowing less in the money market, relying instead on the sale of long-term bonds, tax incentives and loan-growth targets.

The central bank said this month that the target for commercial bank credit growth this year was 7 per-

Bank loans contracted about 10 percent last year, a turnaround from 1995-1997, when annual loan growth averaged 20 percent.

The total value of Thai loans fell 0.6 percent in December, according to a report made public Friday, indicating that banks remained reluctant to lend.

The domestic private investment index for November, also made public Friday, plunged 23.2 percent against the index a year earlier, as foreigners continue to avoid building or expanding factories because of both the Thai recession and Asian doldrums. (Bloomberg, Reuters)



Very briefly:

 Philippine Airlines Inc. received approval from regulators to pay \$38 million to the foreign secured creditors who helped finance its fleet, keeping its aircraft from being repossessed. • South Korea's inflation rate hit a seven-year high of 7.5 percent last year, the central bank said. Much of the pressure came from manufactured goods, whose prices rose an average 11.2 percent, up from 4.3 percent in 1997.

• Direct foreign investment in Taiwan — including investments in factories and businesses, but not portfolio flows — fell 22.8 percent last year to \$3.29 billion as Asian investors cut back on expansion.

• Indirect trade between China and Taiwan rose 3.3 percent to a record \$20.5 billion in 1998, the official China Securities News reported, citing Trade Ministry figures.

• The Philippine recession unexpectedly deepened in the fourth quarter, with gross domestic product shrinking 1.9 percent from a year ago, as typhoons took a heavy toll on crops and weak demand caused industries to cut production.

 Skylark Co., one of Japan's largest restaurant operators, will buy the portion of subsidiary Bamiyan Co. that it does not already own for 24 billion yen (\$207 million). Skylark owns 50.6 percent of Bamiyan, which runs family-style Chinese restaurants in Japan.

• LG Semicon Co., hit by a weeklong strike, offered to pay an additional six months wages if workers accepted the takeover by Hyundai Electronics Industries Co.

• Cheil Jedang Corp. will pay 260.7 billion won (\$222 million) for Haitai Beverage Co., bolstering its own soft drink business and giving bankrupt Haitai Group funds it needs to repay debt.

Salomon and Nikko Postpone Bank Venture Until March

Out of Order

TOKYO — Salomon Smith Barney, the securities arm of Citiof Japan said Friday that procedural problems had forced them to postpone until early March their planned start of an investment banking ven-

The sudden postponement illus-

oup Inc., and Nikko Securities Co. trates the difficulties foreign brokerages are facing getting Japanese ventures up and running, even as the nation relaxes regulations governing the industry.

The agreement violates so-called a Japanese and U.S. brokerage units in Tokyo.

'tirewall'' rules designed to pre- house, so growing pains aren't sur- Nikko had asked financial author-"'lirewall" rules designed to pre- house, so growing pains aren't suryent a parent company from passing prising," said Yushiro Ikuyo, an ities to clarify rules about the ex- mation with their subsidiaries," information about clients to its sub- analyst at Commerz Securities (Ja- change of client information, said a said Mr. Ikuyo. "These rules have sidiary, said an official at Japan's pan) Co. "What strikes me as Nikko spokesman who declined to be been loosely enforced until now."

Financial Supervisory Agency, who declined to be named. Strange is that this issue has cropped up suddenly. This kind of problem named. Officials at Salomon could up suddenly. This kind of problem named. Officials at Salomon could up suddenly. should have been settled.' Citigroup's predecessor last sum-

mer agreed to pay 220 billion yen (\$1.89 billion) for a 25 percent stake in Nikko on the condition that Nikko and Salomon merge their invest-This is the first merger between ment banking and capital markets

the postponement came in a written statement from the companies. The postponement comes as Ja-

pan's new regulatory body, established in June, exercises growing influence over the industry. While firewall rules may be on the books, "The vast majority of banks and brokers exchange infor-

Malaysia's Currency Controls Will Be Eased, Mahathir Promises

tom by the second quarter of this year. he said. "The stock market has im proved, companies are borrowing again and sales of houses and vehicles hav

imports, Malaysia's foreign exchange erves had increased by 35 percent, to \$27 billion, in the last four months.

Asked what future role he could fore see in Malaysia for Anwar Ibrahim, the former deputy prime minister now or trial on corruption charges, if Mr. Anwar were acquitted, Mr. Mahathir re-



trols helped stabilize the economy.

Redefined Upo

By Alan Friedman and Jonathan Gage

International Herald Tribuna

:DAVOS, Switzerland -- Prime Minister Mahathir bin Mohamad of Malaysia, saying he wanted to woo back "sefious long-term investors," announced Friday that his government would soon ilitroduce a new measure to ease rules on taking capital out of the country.

, In an interview during the meeting of the World Economic Forum, Mr. Ma-hathir insisted that the controversial exchange controls introduced last Septemher had helped stabilize Malaysia's re-

which curtail trading in the Malaysian ringgit, have effectively frozen its

necessary to ease the rule, which prevents foreign investors from repatriating their funds for a full year. The solution, Mr. Mahathir said, would be to introduce an exit tax that allows investors to leave before the full year is up

"We will have to move very quickly," he said, adding that the introduction of the exit tax was "weeks awav."

Looking relaxed, and saying that he how to limit the damage of speculative

worked very well," Mr. Mahathir also in New York, banks had cut their lend-But he conceded that it would be said that the controls would not be permanent but would remain in place "until the international community devises a new financial regime that curbs currency traders."

Currency traders and hedge funds, he said, "are really not interested in good

governance. They are only interested in seeing whether they can trigger a devaluation and make money that way." Asked for his own suggestions as to

themselves," he said.

Mr. Mahathir said that the Malaysian

sponded: "None in my party."

BLAME: Is It Better to Fix the Highway or the Bad Drivers?

Continued from Page 9

dismantle them." Some on Wall Street are similarly shifting 'It is appropriate to certainly consider fixing the system,"

said Stephen Roach, chief economist at Morgan Stanley Dean in 'I am not completely convinced that restrictions on the system are necessary," he added, "but unstable capital flows

have clearly been a precipitant of these crises." At the top of many lists for fixing the system are proposals to limit the flow of short-term foreign WORLD loans to developing countries, loans that often con-

tributed to more rapid growth but that piled up in huge amounts in Asia, Russia and Brazil.

ECONOMIC stitute of Technology.

Brazil is at risk not Then, at the first hint of trouble, much of the money fled, precipitating and worsening a full-scale

financial collapse. But other systemwide suggestions are winning favor as well: flexible exchange rates, for example, to avoid sudden, frightening devaluations; bankruptcy laws that let companies deep in foreign debt borrow and resume operations even before they pay off the old debts, and standstill provisions in lending agreements that would temporarily prevent a foreign lender from withdrawing loans from a South Korea or a Brazil in the midst of a crisis.

What they have in common is an effort to put more of the burden on international banks and other lenders to evaluate risks more carefully early on and suffer more of the con-

sequences later if things go bad.

"The banks don't like this; they value liquidity of lending." said Barry Eichengreen, an international economist at mg." Said Barry Eichengreen, an international economist at the University of California at Berkeley. "But if they had a provision in their loan agreements that they cannot pull out restore investor confidence, the argument goes, than a retheir money right away when a crisis is developing, maybe cessionary one burdened by high interest rates.

they would not lend the money in the first place." Some experts now favor rules that prevent not only foreign

lenders but also wealthy nationals - Brazilians, for example from canceling their short-term loans and investments then converting this money from local currencies into dollars and taking those dollars out of the country.

Wealthy Brazilians, many of them already moving chunks capital abroad, hold more than \$150 billion in their government's debt and rushing this money out of the country would quickly exhaust Brazil's dollar reserves.

"My view is that basically all short-term debt constitutes potential capital flight," said Paul Krugman, an economist at the Massachusetts In-

"Brazil is at risk not only from foreign lenders, but from anyone who can take money out of the country. Perhaps some of these measures would make the

But before the dangerous stretch of road is rebuilt, the smashed cars of the last 18 months have to be repaired and put back in operation. There is little agreement on how to do that. Rather there are two diametrically opposite, so far unyielding,

The current practice is to require countries in trouble to adopt policies intended to limit devaluations of a country's currency and restore the confidence of international lenders. The chief tools in this approach are sharply higher interest rates and cutbacks in public spending. But the high rates and spending cutbacks invariably produce recessions.

The contrasting view is that interest rates should be kept low to encourage economic activity and let exchange rates find their own level. A growing economy is more likely to

DAVOS: U.S. Differs With Its G-7 Allies Over Financial Reform

highway safer.

Continued from Page 1

but I would record some skepticism about the view that more frequent or improved statements from ministers and governors" of central banks "would serve by themselves to stabilize markets."

Vice President Al Gore, in a separate address to the assembled participants of the World Economic Forum here, called for developing "the right kind of fi-nancial architecture to prevent and contain future crises.

Mr. Gore steered a middle course, calling for change 'not through new global bureaucracies and not through the laissez-faire approach that has caused so many of today's problems but through more information, more openness, more cross-border reviews

and cooperation." Mr. Gore called for "an international version of generally accepted accounting principles," the standards by which

U.S. companies keep their books.
Several government officials here

said they were still awaiting a report from Hans Tietmeyer, president of the German central bank, who was asked by the G-7 to survey international financial institutions and make proposals aimed at improving global regulation.

The search for an improved global regulatory system, described by finance ministers as a new financial "architecture," has been under way for nearly five years, and predates the Asian financial crisis of 1997, the Russian crisis of August 1998 and the more recent Brazilian crisis. Each year since 1994, the G-7 has announced plans to create a better system of checks and balances.

Last year an informal working group of G-7 officials, together with ministers from 15 developing countries, produced a set of studies aimed at improving transparency and surveillance of the world financial system. Jose Angel Gurria, Mexico's finance

minister and a member of the working group, warned, however, of seeking an elaborate new regulatory structure. "We should not lose track of the fact that every time countries have financial problems people say the global system is not working," Mr. Gurria said in an Siding with the U.S. position, Mr.

need dramatic new structure.' Prime Minister Mahathir bin Moha-

interview here Friday. Gurria said, "We need transparency and a strong focus on a regulatory system for international banks, but if each nation does its homework we may not

mad of Malaysia rejected the U.S. notion that strong regulatory measures were not needed to restore stability to financial markets and protect emerging economies. "Let's have transparency of hedge funds in countries where they operate," Mr. Mahathir said, advising them: "You say we should be transparent, now let's see you become trans-

had come to the Davos meetings after a short-term capital flows, Mr. Mahathir economy, after contracting 6 percent i hiatus of 10 years "in order to explain said that since the collapse of the hedge 1998, would grow about 1 percent this that our controls are selective and have fund Long-Term Capital Management year.

> them less active. "One regulation should be to place limits on the amount of leveraging

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available to hedge funds, perhaps one or two times their capital instead of 20 times," Mr. Mahathir said. "If they are 20 times leveraged and have \$100 billion there is no way that small countries can fight them." He also called for greater openness

ing to such investment vehicles, making

about hedge fund activities. 'Let them come into each country and register

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been going up."

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up to the closing on Wall Street.

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SATURDAY-SUNDAY JANUARY 30-31, 1999

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Fear of Falling? Relax, Global Deflation Might Be Good for You

By Aline Sullivan

OST INVESTORS are conditioned to expect inflation. Indeed, all but the oldest among them have known virtually nothing else in their lifetimes. Wages and prices have generally risen for almost six decades, albeit almost imperceptibly over the past few years. This environment, which favors investment over savings, has held sway for so long that some observers spoke of a new paradigm, an end to economic cycles of booming growth followed by recession-

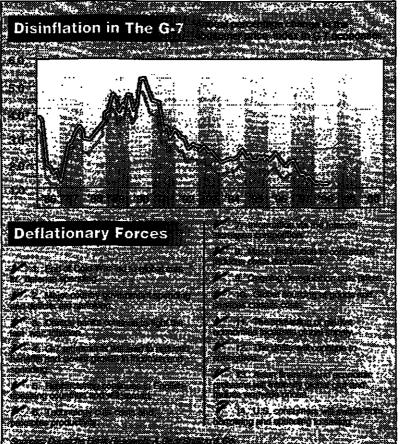
To most people, therefore, it seems that cash lodged in a mattress will only decline in purchasing power as it is devalued by inflation while other assets, notably stocks and real estate, are likely to appreciate. Some economists suggest that today's investors would not recognize deflation — defined as a persistent decline in the overall level of prices - if it they were staring it in the

Which may be exactly what they are

doing.
"Deflation is no longer a risk; it's a clear and present danger," warned Ed-ward Yardeni, the chief economist at Deutsche Bank in New York, "Inflation rates in the major industrial economies have dropped from mid-single-digits rates at the start of the decade to almost zero today. It won't take much to push us over the edge."

The economist and author A. Gary Shilling said the push had already been

Excess supplies of almost every thing are developing on a global basis, and rapidly," he said. "Joining traditional excess-supply industries like autos, semiconductors and steel are silver jewelry, cashmere, aluminum cans



and blue jeans. There are too many offices, ships, airplanes, hotels and golf courses and more gold and diamonds than the markets can absorb.

It sounds ominous. But for companies and investors able to adapt, it need

Deflation's last major appearance -

market observers say, will be similar to that of the late 1800s, when technological progress accommodated persistent economic growth and falling prices. "Industrial output has grown in every zero-inflation/deflation period in the U.S., U.K., France and Germany since

While fear of a repeat performance spooked the markets just a few months

ago, it has all but vanished. Any de-

flation that occurs, the more sanguine

1850 with only one exception — the 1930s Depression," said Ben Funnell, a strategist at Morgan Stanley Dean Witter Co. "The current situation doesn't resemble the 1930s very much, particularly in terms of the radically different policy responses witnessed now

Bad deflation has resurfaced in Asia, where it appears to be tightening its grip on much of the region. But its other hallmark — widespread unemployment

allmark — widespread

is being held at bay.

The United States and parts of Westem Europe appear to be experiencing only good deflation. The situation can indeed be seen as comparable to that of the Industrial Revolution in the 19th century. Then, technological advances in manufacturing, transportation and power reduced the prices of goods such as textiles to levels that made them widely affordable, and spurred the creation of new products and services, such as rail transport.

Of course, then, as now, such widespread changes had negative effects on those unable to adapt to change, especially the uneducated and those without significant savings, although over time, overall living standards can probably be said to have risen.

Some industries have been thriving on good deflation for years. High tech is the most obvious example. Price declines, caused by rapid productivity advances and intense competition, are the

are more than compensated for falling prices by constantly rising demand, as consumers and businesses add computers and rapidly upgrade those already installed to take advantage of the latest features.

Also fueling good deflation, at least in the United States, is globalization.

"With technology and capital now free to move around the globe in search of the most cost-effective locations, the West is exporting the Industrial Revolution to the developing countries and is importing the resulting low-cost out-put," Mr. Shilling said. "It looks like good deflation, not bad deflation, since the financial crisis will probably remain confined to Asia."

Alex Patelis, at Goldman, Sachs & Co. in New York, said that in America, "there exists both the political and the monetary will to tackle deflation head

"Ultimately, deflation is a monetary phenomena and can be dealt with as such," he added. "As long as the will

A Believer's View:

Better or Worse

spades; in fact, it is hard to find a

commodity that is not declining in

price. It is in wholesale prices almost

It is even in U.S. retail prices, if you

least one percentage point. So, yes,

Q. Do people realize this?

A. Not yet. But they will when

corporate profits get hit really hard by

the Asian contagion. That is when

they will realize that the emperor has

There will be a big sell-off in

stocks, which will destroy the notion

will feel as naked as jaybirds and start

to think about all the good reasons

they have to really save: the prospect

of aging; houses that aren't appre-

of so-called stock savings. Investors

arrived?

no clothes.

norm for computers. But manufacturers exists, there are ample means available to policy-makers to fight deflation."

The very tools used to fight deflation

- low interest rates, reduced taxes and increased spending — may in turn boost equity prices.

While the disease of deflation tends to push equity prices lower, the medi-cine that will be applied when and if needed will tend to push them up again," said John Manley, investment strategist at Salomon Smith Barney in New York.

Until then, deflation, either local or global, will force investors to think differently them.

ferently than they have been accustomed to doing since the Great De-

pression.
"Total returns on bonds and stocks will be negatively correlated in a non-inflationary world, as yields and stock prices will tend to fluctuate together in sync with the world business cycle," the Montreal-based International Bank Credit Analyst predicted in a recent report: 'This is opposite to what investors have come to expect."

One Investor's Delight May Be Another's Nightmare

in the 1930s - gave it a bad name. No

one wants to repeat that experience,

when a sudden plunge in incomes and

demand produced the Great Depression.

That was so-called bad deflation at its

worst, characterized by simultaneous

bear markets in stocks, real estate and

For Stock-Market Players, All Deflation Is Not Equal

By Conrad de Aenlie

FTER THE prospect of deflation sent stock markets around the simmer, economists, analysts and investors have become connoisseurs of that rare economic condition. They have identified several varieties, each with different consequences for the stock market; the consensus is that if alobal deflation is around the Feb. 98 corner, it will be a much less virulent strain than those that

cansed devastation in the past. Deflation of the sort that occurred in the Great Depression of the 1930s is considered the worst possible economic backdrop for the stock market because of its ability to deaden growth and consumer demand. demolish corporate earnings of sound companies and

put unsound ones out of business. Anxious to avoid the mistakes of their predecessors, who raised interest rates just as the economy was about to head down a steep slope in the 1930s, central banks in the industrialized world undertook a vigorous round of rate cuts last fall.

Reducing interest rates helps counteract deflationary pressures on stocks in several ways. Investors allocate assets between stocks and bonds based on assumptions about corporate earnings and interest rates.

While corporate earnings fall during deflation because companies are forced to reduce prices, the equation can be balanced if interest rates fall sufficiently to make returns on newly issued bonds seem unattractive relative to stocks.

After Alan Greenspan, chairman of the Federal Reserve Board, raised the issue of "irrational exuberance" in the stock market on Dec. 5, 1996, and again on Feb. 25, 1997, he probably instructed the central bank's staff to devise a valuation model to measure the extent of this overoptimism, according to Edward Yardeni, the chief economist at Deutsche Bank in New York.

Mr. Yardeni thinks he has found it in a footnote buried deeply in the Fed's semi-annual report to Congress of July 22, 1997, which indicates that the ratio of stock prices to earnings for the companies in the Standard & Poor's 500 index is inversely related to the yield on the 10-year U.S. Treasury bond. In other words, as 10-year interest rates fall, the price-earnings ratio on stocks traditionally rises. The lower rates fall, the higher stock P/E ratios can climb and still make sense to investors.

Besides this mathematical support for the stock market, declining interest rates also can be helpful to the companies hardest hit by falling prices in a deflationary economy, said Stephen Bell, an economist at Deutsche Morgan Grenfell. A struggling company that does not generate enough cash from operations to cover interest payments on its debt when rates are, say, 10 percent may

be able to squeeze by if rates fall to 7 percent, he said. Perhaps the biggest boost from declining rates is to market confidence. The latest round of cuts has fostered a belief in the ability of central bankers to avert deflation and provided further liquidity to fuel

booming stock prices. But David Tice, manager of the Prudent Bear Fund, a mutual fund that bets on falling stock prices by selling short, warms that investors' faith may be misplaced. "There is this complacency that the Fed is going to be able to cut rates and save things - just print

money," he said. "We think that is very naive." It has worked so far, at least in the world's biggest economy. In the United States, Mr. Bell of Deutsche Mergan Grenfell noted, monetary policy has been particularly effective; lending is vigorous and the

money supply is booming. "There is no reason why deflation should not be consistent with economic prosperity," he said. "No one has a problem with deflation unless it wrecks

Continued on Page 16

For Bondholders, Down May Not Be Up After All

By Barbara Wall

N THE FACE of it, deflation is good for bondholders. As prices for goods and services fall, the fixed payments investors typ-

creasingly valuable.

But there is a catch. If deflation turns ugly, the way it did in the Depression, then borrowers begin to have rouble meeting their interest payments. Those burdened by debts they cannot pay must renegotiate with their lenders, and if they cannot, they default.

Of course, if the borrower is a national government, it can choose to print money to pay off its debts, as long as they are denominated in its own currency. For this reason, countries with significant debts

relative to their foreign-exchange reserves and trade surpluses often find they cannot borrow in their own currencies, at least not from overseas investors.

The notable exception to that rule has been the

United States, whose Treasury bonds are considered

the safest of safe havens in times of trouble. During the financial panic in August, investors flocked to U.S. Treasuries, especially the so-called onthe-run issues with round-number maturities, such as 10 and 30 years. This had the effect of reducing yields on those bonds, while raising the returns on riskier paper, especially that issued by emerging-market

countries or low-rated corporate borrowers.

In general, bonds issued by the governments of the major industrial countries in the Organization for Economic Cooperation and Development are offering

yields well below what is required from less highly rated borrowers.

If you believe that governments and central banks will seems to be a seem of the counteract global seems to be a seem of the counteract global seems to be a seem to be a seems to be a deflation, containing it so that the weaker borrowers do not default, then there is money to be made by exploiting the risk premium required on low-rated issues, especially if interest rates continue to decline, reducing

already paltry yields on bonds.
"The likelihood is that interest rates in the OECD coun-

tries will move down further and growth rates will slow without actually grinding to a halt," said Tom Sowanich, chief fixed-income strategist for Merrill Lynch & Co. in New York. "There is still a great deal of volatility in the bond markets because of economic turmoil in Latin America, but a lot has been done by the central banks to ward against fallout from some of the larger, less-

Feb. '98

Jan. '99

stable emerging economies."
"In this environment," he added, "the need to own liquidity in the form of quality government bonds is no longer as relevant a need as it was a few months ago. I expect to see more investors moving down the credit spectrum for the yield pick-up, but they will probably stop short of investing in emerging-market debt."

R. SOWANICH said yields on U.S. junk bonds — those rated below investment-grade were up to 5 percentage points higher than on Treasury bonds of comparable maturities.

"U.S. high-yield credits look cheap, compared to six months ago, with spreads of around 500 basis points over U.S. Treasuries, compared to 350 basis points last July," Mr. Sowanich said. But is chasing the highest yields necessarily a good

strategy? "Low-investment-grade corporate debt and junk bonds is where the value is to be found," said Leslie Nanberg, chief fixed-income officer for the Bostonbased fund manager Massachusetts Financial Ser-

"The market has clearly priced in the risk and the quality of issues has improved significantly in recent months. The incremental yield on these credits is so

Continued on Page 16

Amid Price Plunges, What Lies Ahead for Commodities?

OUR MORNING cup of coffee and the spoonful of sugar you add to it are likely to be cheaper soon, courtesy of Brazil and its

sumers with the lowest prices in years, and devastating commodity producers - and their unlucky shareholders. Prices of everything from oil and gas to copper, gold and timber have been drifting steadily downward for more than a year now. Last Wednesday, the Bridge/Commodities Research Bureau Index, a widely followed indicator of commodity prices,

slumped to a 21-year low of 187.60. Commodities expens are unanimous in blaming two major factors for the dismal performance; Asia's economic crisis, which slashed demand for com-modities, coupled with producers who communed to crank out far more supply than needed, creating a glut

and sending prices into a downward spiral. After so much bad news, can investors in com-

Analysts are pinning their hopes on two crucial factors: improved discipline among producers, which will shrink surpluses, and a relative easing of Asia's financial problems, which should resuscitate demand

To be sure, the sharply lower prices of commodityrelated stocks make them a bargain-hunter's dream -

But the most high-profile commodity excess of the past year, in crude oil, may now be shrinking. The nearest month contract for a barrel of crude on the New York Mercantile Exchange plunged a stunning 32 percent last year, ending at \$12.05, compared with \$17.64 a year earlier. But last week, a barrel went for around \$12.40, and some analysts think the situation is improving, although they remain cautious.

warned the oil analyst James Clark of Credit Suisse First Boston, who expects more downward earnings revisions for oil producers.

On the positive side, the falling prices have forced companies to scale back exploration activities.

cutting costs," Mr. Clark said. On the assumption that some global economic recovery will kick in later this year, the companies should be better positioned to take advantage of im-

to trim its workforce by 6 percent, saving an estimated \$60 million a year, and cut \$500 million from its

exploration budget. He also favors Unocal Corp., a high-cost producer

Both companies are trading near their 52-week lows, and Mr. Clark's risk-reward ratio is no more than 10 percent on the downside, and 20 percent to 30

timore fund managers, Charles Ober, manager of the \$990 million New Era fund, said he thinks prospects for domestic natural gas in the United States look

'They had too much gas in storage, but they're working down the surplus, and they're not adding to capacity,"

mal winter weather - meaning



By Judith Rehak

are a car owner, your gasoline at the pump may be a bargain compared to a year ago. Welcome to deflation, which is delighting con-

modities-related stocks expect better times in the new

and get prices moving up again.

provided that the scenario plays out as hoped.

The first half of this year will still be sloppy,'

'They aren't spending on anything, and they're

proved prices, he added.

F THE FORMER spendthrifts that have now found discipline, Mr. Clark likes Conoco Inc., the sixth-largest U.S. oil producer, which plans

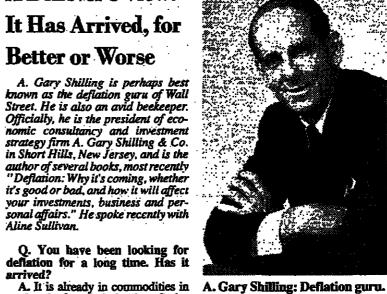
that said in December that it would slash capital spending by 40 percent this year.

percent on the upside.

At T. Rowe Price, the Bal-

If the United States has nor-

Continued on Page 16



A. Gary Shilling: Deflation guru.

ciating any more, Social Security that no one trusts and the increasing possibility of being laid off work.

Q. Shouldn't some of that have

everywhere. It is in retail prices in China, Sweden, Switzerland, and Jaalready happened?

A. Sure, I am scratching my head take the view, which I do, that the Consumer Price Index is inflated by at like a lot of guys. We have had a 16-year bull market and every time it has sold off it has turned out to be a great

game. We will get a 40 to 50 percent selloff but it is not going to happen all at once, because people will keep on piling back into the market. It is going to happen in a downward sawtooth pattern until people are ground into

For further information: DEFLATION: WITY IT'S COMENG, whether is'n good or bad, and how it will affect your investments, business, and personal affairs. By A. Gary Shilling. (\$16) Lakeview Pub-lishing Company. 1998.

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THE MONEY REPORT

A Friendlier Deflation May Go Easy on Equities

Continued from Page 15

economies, and it only wrecks economies if monetary

policy stops working. That has happened in Japan. Because prices and economic output have fallen faster than interest rates, the real cost of borrowing has gone up, making re-covery all the more troublesome. Short-term interest rates remain negligible but have had no appreciable

effect on the economy. Even in Europe, Mr. Bell said, rate cuts had been only modestly successful in boosting growth in soggy

If the world heads toward 1930s- or Japanese-style deflation, with depressed asset prices and low demand for consumer goods, the consequences for stocks could be dire. But Mr. Bell said he thought inflation was a more likely outcome than deflation.

inflation," he said. "The financial markets have suspects, he said: companies in cyclical industries that

moved to the argument that inflation can never recur. but it can recur from rising wages; the inflationary epicenter is 4.3 percent unemployment in the U.S. Should inflation be rekindled and monetary policy tightened to control it, stocks might also fall."

NVESTORS planning portfolios to take account of deflation must decide which brand they believe will occur. For those who foresee a 1930s-variety of deflation, Mr. Bell advised, "If you are expecting falling prices for a long period, own bonds." For a best-of-all-possible-worlds deflation, with falling prices but vigorous economic expansion, the companies that would do best are in technology growth industries, such as those related to the Internet. He was quick to add, however, that at present valuations, it

would be lunacy to buy Internet stocks. is a more likely outcome than deflation.

Investors expecting garden-variety deflation occurring amid a deep recession should avoid the usual

are highly sensitive to the economy, such as airlines. chemicals and energy.

Ben Funnell, a strategist at Morgan Stanley Dean Witter & Co., suggested owning stocks with pricing power and true secular growth: life insurance, telecommunications companies and utilities.

J. Paul Horne, an economist at Salomon Smith Barney Inc., also advised a usual-suspects strategy. He urged European investors to steer clear of chemicals, construction and other cyclical industries, as well as

Better choices include pharmaceuticals, which usually outperform during recessions because demand for their products is stable, and banks and media companies. Mr. Home said the European banking industry was consolidating through mergers, which ought to help save money during lean times. He said he ex-pected media companies to do well in a weak economy as competitive pressures in other industries compel companies to increase advertising expenditure.

"There are a handful of emerging

fixed-income markets I would describe

as low-correlation assets, which have

proved remarkably resilient to bad news

from Asia and Latin America," said

Mohammed El Erian, an emerging-mar-

kets bond strategist with Salomon Smith

Bulgaria, Hungary, Poland, South Korea and Thailand are low-correlation

assets, Mr. El Erian said. These econ-

omies have features in common that by

attribute or design set them apart from

other countries in the emerging-markets

Features include limited trade and fi-

nancial links with the markets in turmoil;

high reserves to help absorb shock; low

short-term debt; good fiscal situations, and external funding arrangements for at least six months into the future.

"Low-correlation assets generally bounce back within a matter of days of a

major crisis reverberating through the emerging-markets sector, "Mr. El Erian said. "If investors had restricted their

portfolios to these credits during 1998,

Barney in London.

sector, he said.

Cascading Commodities §

Continued from Page 15

cold enough to keep demand steady for heating and power plants — "inventory could be pretty right by the end of this he added.

Mr. Ober favors gas producers that are earnings leveraged, especially in-dependents like Burlington Resources Inc., which managed to break even in the fourth quarter, making it one of the few operators that did not lose money. He also likes Barrett Resources Corp., and Anadarko Petroleum Corp.

Mr. Ober's second favorite category is oil. He thinks the price of a barrel of oil could rebound to the mid-teens by the second half of this year.

The reason I'm optimistic is that OPEC members have shown some surprisingly good discipline in cutting back

production," he said.

He is also expecting the output from non-OPEC producers, like Canada and Alaska, to shrink.

"The industry is not reinvesting, and some wells have even been closed

down," he said. Among his oil company picks are Amerada Hess Corp. and Marathon Oil

Canada Ltd. But oil and gas are simply the most prominent members of the commodity universe. Some selective shopping among less-followed sectors with limited supplies has proved worthwhile for Graham French, who runs the Australasia Fund and Commodities Fund

for London's M&G Group. "We've taken a strong view on plat-inum shares," he said. "There are very few mines in the world outside of Russia, which says one day they will export and then the next they won't."

The uncertainty has made automakers, who require platinum to meet pollution control standards in their cars, nervous over the safety of supplies. The result: a 100 percent-plus run-up last year in the shares of Stillwater Mining Co., a Montana-based platinum producer.

With Russia's shaky politics, Mr. French thinks there is more to come. 'For pollution control, there's no

real substitute for platinum," he said.
In Australia, Mr. French owns Westralian Sands Ltd., one of the few producers of mineral sands, which is another tight market. Mineral sands are

used to make titanium oxide, a com-ponent of everything from point and plastics to products that protect against sunburn. Westralian's pending merger with RGC Ltd., another producer, wall form the dominant company in the world market. It is currently trading as

about 3.70 Australian dollars (\$2.30).
Not all bombed-out commodities stocks are likely to revive soon, however.

Mr. French said he was "not excited" over gold, which has repeatedly failed to rally, even amid the turmoil of Russia's

devaluation in August. "The industry is not facing the reality

Can investors in commodities-related stocks expect better times in the new year?

that shareholders are not getting ad equate returns on capital," he said. Alt needs to merge and cut costs."

Mr. Ober, along with many of his peers, is avoiding base metal producers, which he sees as too dependent on recovery in Asia.

"The values aren't bad," he said. 'but it's going to be tough slogging for of course, all of this assumes that

producers will restrain the urge to make more than meets demand, and that the worst has passed in Asia's deeply depressed smaller economies. Mr. French also has his eye on Japan and China 1

The commodities market is factoring in further deterioration in Japan," he said. "It is by far the biggest user of bolk commodities such as coal and iron ort, and it has to be seen as having bot-

As rumors of a possible devaluation in China swept through the markets last week, he added another warning.
"China is the wild card," he said

"and if it falters in any way, it will affect all commodities."

For further information, contact: T. ROWE PRICE NEW ERA FUND. Call | 410 547 2308, or toll-free in the United States, 1 800 231 8432.

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Strategies for Bondholders in a Downturn

Continued from Page 15

high that even if the default rate was to rise to 3 percent from its current level of 1 percent, investors would still be get-ting historically attractive returns," she

Douglas Peebles, senior vice president of Alliance Capital Management's fixed-income group in New York, said that there were still opportunities in U.S. investment-grade credits, especially hands that were tied to the domestic economy and still showing scars from

the summer's drubbing.
"Corporate credits have not come back as much as equities, and confidence in the economy remains remarkably buoyant," he said. "We are also bullish on investment-grade European corporate debt, particularly the telecom-

munications industry.' Paul Brain, a fixed-income fund manager with Guinness Flight Asset Managers in London, believes that the deflation pulse is as strong as ever in OECD countries because of the problems in Latin America. He urged in-

vestors to be cautious. "The general consensus is that the outlook for the high-yield bond sector, including emerging fixed-income mar-kets, is positive," he said.

But given the current uncertainties, I

would be more inclined to stick with Japan, there are not enough issues to good-quality U.S. and European government bonds," he added. "It was a strategy that worked last year and it will probably work again for the first two quarters of 1999. Once the reflation story

starts to look convincing, then is the time to move into high-yield credits." Some European fixed-income-fund managers are hoping to pick up extra yield by guessing interest rates and ad-justing the maturities of their holdings

accordingly. But Arum Flores, a bond strategist with Lehman Brothers in London, said a more fruitful approach would be to look for individual issues with appealing

characteristics. "European fund managers will probably end up adopting a fairly passive investment strategy in 1999, adding value to their portfolio by carefully selecting corporate issues as they come along and by making limited forays into Eastern European debt markets," he said. "Managers will also try and add mileage by investing in the European mortgage-backed securities market, but

bond portfolios.' While there is growing interest in European high-yield corporate bonds, especially from the United States and stray bullets from Latin America.

this is unlikely to make that much of a difference to the overall performance of

satisfy investor demand.

An alternative means of adding value to a European bond portfolio would be to focus on the remaining euro convergence plays. Henrik Andersen, a fixed-income

strategist with Salomon Smith Barney Inc. in London, said there had been some interest in Greek government bonds. He said that the probability of Greece joining the European currency union in the next few years was much higher than is currently being reflected in bond prices.

"The Greek government has made a lot of progress toward improving the economic deficit and keeping inflation in check," Mr. Andersen said. "Also, the decision to lift withholding tax has sparked a lot of interest in the market."

THE TYPE of investment that might attract investors would be Greek government issues of up to five-year maturities, he said.

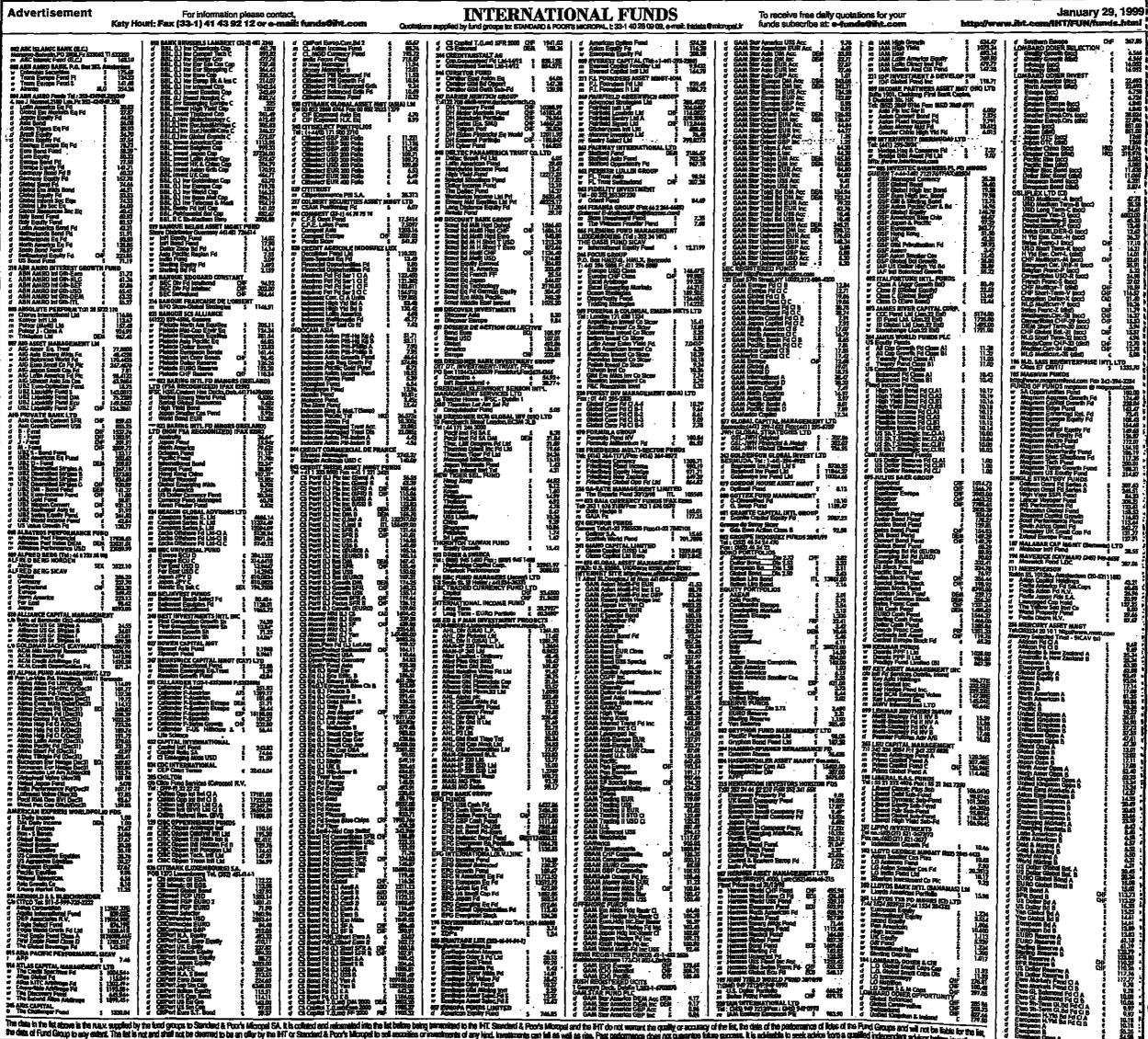
The current five-year bond yields nearly 6.4 percent in drachma, well above the 3.1 percent return available on German government bonds in euro. Many investors are understandably

leery of emerging fixed-income markets

after the recent turnoil. But some is-

they would have achieved fairly good For further information, call: - ALLIANCE CAPITAL MANAGEMENT: 1 212 969 1000

suers have succeeded in ducking the





THE MONEY REPORT

BRIEFCASE

The Discreet Charm **Of Non-Internet IPOs**

With Internet mania sweeping the initial public offering market in the United States these days, IPOs for other kinds of companies are decidedly out of

The average non-internet IPO rose only a modest 7 percent from its ofring price last year, compared with an astounding 235 percent leap for Interget-related offerings, according to Renaissance Capital Corp., a specialist in public-offerings research based in

Greenwich, Connecticut. But Linda Killian, a principal of Renaissance, warned that many investors have ended up buying Internet IPOs at high prices, and she suggested that they look at names that do not end in There are a lot of other companies doing IPOs that are more substantial and will prove far more rewarding over time," she said.

Two of last year's non-Internet winners were European companies that issued shares at home as well as in the United States. Swisscom AG, Switzerland's telephone company, came out at \$25,30 and is now in the mid-40s, and Equant NV, the Dutch data carrier, has nearly tripled from its offering price of

\$27 in July. From the United States, top performers included bebe stores inc., a trendy women's clothing company with a retro lower-case style for its name, and Tweeter Home Entertainment Group Inc., a high-end electronics retailer in

the Eastern United States. 1. Looking ahead, Ms. Killian suggested that investors keep an eye out for Korn/Ferry International, the executive recruiting company whose offering is set for early to mid-February, and the 4PO due around the same time from Gabelli Asset Management Inc., the mutual-fund company run by the high-profile investor Mario Gabelli.

. If you find IPOs appealing, but are reluctant to play the volatile field on your own, you might consider as an alternative Renaissance's IPO & Aftermarket Fund. The \$10 million fund

3 das up 18.44 percent last year. Why not more, considering they were well-positioned to grab a bigger piece of the Internet IPO pie? Competition for shares was so intense that the fund, too.

had to wait in line for the hot offerings. Ms. Killian said. IPO AND AFTERMARKET PUND. Telephone: | 617 557 8281, or, toll-free in the United States, 1 855 IPOPUND (1 888 476 1863). Web site: www.spo-fend.com

Investors in Japan Wooed By a Hero of Their Own

Another legendary name is now being used to attract Japanese investors: Nobunaga, the great Shogun who emerged as Japan's ruler after bringing an end to nearly a century of civil strife in the late 1500s.

Jardine Fleming Investment Trust & Advisory Co., which offers the domestic equity vehicle bearing his name, has joined the trend toward naming mutual funds after historical figures who often are then associated with a particular style of investing. When The Money Report first looked at these funds in early January, all but one bore European names, such as Leonardo Da Vinci, Galileo, Columbus and Mona Lisa.

Only Musashi, the swordsman and strategist who wrote the "Book of Five Rings," represented Japan among the fund names. This use of historic figures offers inexpensive, if not entirely flex-

ible, celebrity sponsorship.
Nobunaga, who died in 1582, about two years before Musashi was born, also remembered as an astute strategist whose methods were both innovative and brutal. With his name, Jardine Fleming seeks to evoke his far-sighted initiatives such as replacing swords with guns, opening to foreign cultures and promoting open markets.

In keeping with this visionary aspect, the fund aims to invest in creative companies that have emerged as leaders in the changing Japanese economy. Among its core holdings will be Ryohin Keikaku Inc., a diversified wholesaler and retailer. Softbank Corp., the publisher and software distributor; Hikari Tsushin Inc., a vendor of telecommunications equipment, and Bellsystem

24 Inc., a telemarketer. There is one caveat: Nobunaga was assassinated by one a former follower, Mitsuhide Akechi. Nobunaga was vulnerable because he was traveling with limited forces, it is said, and history's verdict is that he should have been more cautious.

CONSULT THE Jan. 9 article on Japanese

When Great Firms Falter, Keep the Faith

Buffett wrote in one of his annual reports, is "to purchase, at a rational price, a part interest in an easily understandable business whose earnings are virtually certain to be materially higher five, 10 and 20 years from now.

That, anyway, is how Mr. Buffett himself, chairman of Berkshire-Hathaway Inc., and America's most successful investor, does it.

"If you aren't willing to own a stock for 10 years," he wrote, "don't even think about owning it for 10 minutes."

their stock prices depressed. Given time, these firms

How can you tell whether a languishing business will revive? You cannot. JAMES K. GLASSMAN /ON INVESTING History shows, however, that a com-

corporate culture and great products tends to find a way. Small investors cannot possibly figure out how such a company will solve its problems, but they can make an educated guess that it will.

pages or just going with a hunch. To succeed, faithbased investing requires the right companies.

Right now, faith-based investors are looking

examples of wonderful corporations trying to surmount serious troubles. Their advocates can look to the experience of International Business Machines Inc. for comfort.

No one could possibly have known when Lewis Gersmer Jr. was hired as chief executive in 1993 that he could bring the firm back from morbidity. But an investor would have noted that IBM met the faithbased criteria: price beaten down on bad news; balance sheet still strong; revenues still climbing; product lines varied; track record long and impressive, and brand-name untarnished.

Eventually, the faith-based investor supposed, IBM would find a leader who could turn the company around. And Mr. Gerstner did the trick. The stock has risen from

problems and difficulties finding a new strategy in a changing telecommunications world. At the time, Robert Torray, manager of the Torray

THE OBJECTIVE of stock-picking, Warren two years, AT&T has returned 136 percent, in-profits to drop in 2000. cluding reinvested dividends.

Two other faith-based stocks identified at the time were Apple Computer Inc. and McDonald's Corp. Apple hit a low of \$14 at the end of 1997 and is now at \$41, the result of new management headed by the co-founder, Steve Jobs, and a terrific new product, the iMac. Apple did not meet all the faith-based standards - sales had fallen by more than one-third in two years and the company was relatively new-

but it had a fabulous brand name. McDonald's is a more traditional faith-based stock. Competition and saturation were hurting the company, and the economic crisis in Asia - a top region for fast-food growth — did not help. Share prices struggled to stay even in 1997, finishing the year at

\$45. Then, in 1998, the outlook turned brighter, and

But understand that true faith-based stocks are not

what Mr. Buffett calls "cigar butts" — that is, downtrodden companies with dim prospects that still

have a few more profitable puffs left in them.

Instead, faith-based investing works only with what Mr. Buffett calls "wonderful businesses" that have simply suffered setbacks.

Boeing, which has had serious problems digesting its acquisition of McDonnell Douglas Corp. Production

lines have clogged, competition from Airbus In-

dustrie, the European consortium, has intensified,

self-satisified," Boeing's president, Harry Stone-cipher, said last fall. Still, it retains a strong balance

sheet, and sales rose by nearly one-fourth last year. But the near future looks poor. Boeing stock peaked

the world's most expensive exports. It has long-term

contracts to provide airliners to American, Continental

and Delta, among many others. It is the prime cou-

tractor for the planned space station, and it is launching

The 23 analysts polled by Zack's Investment

Management estimate, on average, that Boeing's

earnings for 1999 will be 1.77. That gives it a price-to-earnings ratio of 19, well below average for a

large-cap stock. But Value Line expects sales and

satellites and building military jets and helicopters.

"We have been too arrogant, too distracted or too

and Asia's slowdown has trimmed backlogs.

\$34.63 — a decline of more than 40 percent.

Faith-based stocks today? The most obvious is

the stock has soared to \$78 in trading Friday.

Few investment houses have a decent word to say about Boeing, but that may be a bullish sign. Big money is best made when the pros hate a good company. The question is whether you want to become a partner in a venerable business on trust. Will it be making a lot more money in 10 years?

David Fenstermaker of Raymond James & Associates in Washington points to three other stocks with faith-based characteristics:

Motorola, whose "turnaround," a James analyst believes, is "firmly in place," is continually developing new products and never knows where its next big winner will come from — a good strategy for these times. It has gone from concentrating on car radios to semiconductors to cellular phones and now to a global

satellite-based telecom network. Motorola has bounced back impressively from below 40 in September to 72.50 on Friday, but it still trades below its

price of four years ago.

Walt Disney Co. has not slumped as much as one would like for a hard-core faith-based stock, but it remains more than 20 percent below its high. Earnings have fallen for the past three quarters, and Asia has been a drag. But Disney — which owns ABC, theme parks, television stations and most of ESPN cable, as well as its movie and animation interests is easily the world's strongest family-entertainment franchise. Richard Bilotti at Morgan Stanley Dean Witter Co. boosted the stock to a "strong buy" on Wednesday, but most analysts remain sour.

Monsanto Co. has sold off its chemicals business over the past few years to become a "life sciences" company, concentrating on genetics. It owns such brands as sugar-substitute NutraSweet and fat-substitute Simplesse and DeKalb, the number-two U.S. seed producer. A failed merger last year with American Home Products Corp. crippled Monsanto stock, and it now trades 27 percent below its August high. Like Disney, Monsanto could be a premature faithbased company; it may have to suffer some more.

on July 25, 1997, at \$58.88. On Thursday, it closed at Unfortunately, at a time when investors are favoring large-caps with strong histories of growth, finding good faith-based stocks is not easy. Boeing remains, however, the largest acrospace company on the planet, with the best brand-name on

What about companies that have endured legal setbacks? Two obvious candidates are Philip Morris Cos., the purveyor of tobacco and packaged-goods, and Owens Corning Corp., the fiberglass maker, which has overhanging asbestos liabilities.

None of these is a pure play, but, beyond Boeing and Motorola, they may be the best available. More profitable targets may have to wait. In the meantime, eep searching — and keep the faith, baby.

Washington Past Service

With such a distant horizon, you can afford to look for firms that might be temporarily in trouble, with

can bounce back and produce big profits.

pany with a great brand name, a great

Two years ago. I dubbed the strategy grounded in this concept "faith-based investing." It should not be confused with throwing darts at the financial

closely at Boeing Co. and Motorola Inc., two classic

\$22 (adjusted to splits) to \$182 on Friday afternoon.

A faith-based stock I cited two years ago was AT&T Corp., which was having severe management

Fund, said: "It's an excellent company. It's a great brand name, with good finances." It was also cheap, and Mr. Torray made it his largest holding. In the past

January 29, 1999

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World Roundup



Wasim Akram celebrating after taking an Indian wicket.

Spinner Stops India

CRICKET Saqlain Mushtaq, a Pakistani spin bowler, took five wickets Friday as India was bowled out for 254 runs in its first innings on the second day of the first test in

When play ended, Pakistan had reached 34 for the loss of one wicket in its second innings and led by

•In Perth, Australia, Mark Ealham, a medium pace bowler, took five wickets Friday as England bowled out Sri Lanka for 99 in the tri-series one-day match. England, which had made 227 for seven, won

McManaman's Real Deal

SOCCER Steve McManaman, the Liverpool and England winger. agreed Friday to join the European Cup holder, Real Madrid, for an undisclosed sum.

McManaman's agent said the player will sign a five-year contract with Real to start July 1, the day after his contract with the English club expires.

Samaranch Quits Bank

OLYMPICS Juan Antonio Samaranch, the president of the International Olympic Committee, has stepped down as chairman of Caixa, Spain's largest savings

Samaranch, 78, said Friday that the action had nothing to do with the corruption scandal in the IOC. He said he resigned because of his (Reuters)

Els Blows into Lead

GOLF Emie Els used strong winds to his advantage Friday to open a four-shot lead after the second round of the Heineken Classic in Perth, Australia. Els added a six-under-par 66 to his first round 65 to move past overnight leader, Jarmo Sandelin.

Russians Stay on Top

FIGURE SKATING Alexei Yagudin retained the European men's title in Prague with a cleverly choreographed and emotionally skated long program.

Yagudin, 18, led a Russian sweep of the men's competition Thursday, Yevgeni Plushenko, 16, was second, and the 1994 Olympic champion, Alexei Urmanov, third. Russians also dominated the

women's competition after the short program Friday. Maria Butyrskaya, the defending champion, was in first place. Injury and illness had knocked out two of the leading non-Russians. Tanja Szewczenko of Germany pulled out with a hip and back problem and Lactitia Hubert of France dropped out because of gastroenteritis.

Viktoria Volchkova, 16, and Julia Soldatova, 17, produced solid routines to take over second and third places. (AP, Reuters)



Maria Butyrskaya defending her European title on Friday.

Falcons Say Denver Has A Weak Link (Guess Who)

By Bill Plaschke Los Angeles Times Service

MIAMI -The Atlanta Falcons believe they have found the Denver Broncos' weak link. They say they will isolate it, will give it room, watch it work and dare it to succeed.

The Falcons say that in Sunday's Super Bowl, they will concentrate on stopping other aspects of the Broncos before worrying about the weak link They believe the weak link cannot beat

This strategy should not be a surprise But the identity of the weak link might be: "I still think I can play," John Elway said.

Elway swaggers into his fifth Super - his legs are so battered he really does swagger — draped in history and sentiment. But after 16 years, one of the surest things in the NFL is no longer a sure thing.

The man who once needed only

seconds to figure out a way to win now has to think about it. It used to be that when Elway dropped back to pass, you didn't watch him, you watched the receivers. If one was open, Elway would find him.

Now, you watch Elway, or you might miss him throwing late, high or behind. The wild card on this Denver offense is not some puny receiver named Jackson, or Warson or Johnson. It is the quarterback.

The best thing about John Elway is no longer his quick release, or great eyes or courageous mobility. It is his running back. "Terrell Davis," Elway said, "has made me a genius."

In his two playoff games this season, Elway has completed only 27 of 57

While Elway's decision to return for at least one more season allowed him to climb past the 50,000-yard plateau reached previously only by Dan Marino
— it has also exposed him for his age (38) and wear (painfully obvious).

He had his fewest attempts, completions and passing yards since Dan Reeves last made his life hell in 1992. The players and coaches on the Fal-

cons, judging from their apparent game plan, don't think Elway can beat them. "Obviously, Terrell Davis is the ul-timate challenge for our defense," said Jessie Tuggle, an Atlanta linebacker. Once, Elway was the ultimate.

Then there was this from cornerback

The XXXIII Super Bowl begins at 23:25 P.M. GMT on Jan. 21. According to Na-tional Football League, it will proedcest in the following countries:

MORTH AMERICA

Bernada: ESPN Canada: Global FV, TSN/RDS, Rogers



John Elway, a legend in his own time, practicing for the Big Game.

Ray Buchanan: "If we hold Davis under 100 yards, then we've got a real good chance to win.'

Finally, there are these words from his former coach, who, even after their fend, admits that Elway is one of the greatest quarterbacks ever:

"There's three keys to winning," Dan Reeves said. "Control their running game, have a running game, we can't turn the ball over." Elway laughs. He hears this kind of

stuff a lot these days, and he laughs. "The bottom line is that a lot of times people want to compare quarterback ratings and those type of things," be said. "The bottom line is winning football games, and that's all I care about."

That part, no quarterback has done better, as Elway has won a record 148 passes and accounted for more yards.

Only Marino and Fran Tarkenton have

Where to Watch the Super Bowl on Television Around the World

ireland: BSkyB, Channel 5 Naily: Tele+ Liechtonstein: DSF

Horwey: TV 2/TV Norge Remain: Pro TV/ACASA Russia: NTV, NTV Plas

Spain: Conal+, Sportmania Switzerland: SAT.1, DSF, Conal+

France
United Kingdom: BSkyB, Channel 5
PACIFIC RIM.

Australia: ABS, Fox Sports, ESPN
China: Beijing, TV/Shanghai-Orierdal
TV, Guargdong TV
Fill, Gonns, Marianes, Mauril Island

French Polysesia, Paperle, Tabili:

Canal + France
Japan: NHK-DBS, Pay Per View Japan.
GAORA NTV, Fuji

Deminican Republic: Deportes en la Cumbre, ESPN, Fox Sports Americas, Galaxy Lotin, America Salvador: Canal Das, ESPN, Fox Sports Americas, Galaxy Lotin America Geateloupe, French Gelana, Marti-nique: Canal+France, ESPN, Galaxy Lot-in America

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secure, as a Hall of Famer and one of the top three quarterbacks with Joe Montana and Marino.

"I think mentally I'm a lot better now, and I'm throwing the football probably better than I ever have," Elway said. "I don't think I've lost a lot of arm strength. I can't make the big plays, but I think I'm probably a better quarterback.

Maybe he is. His 15th and 16th seasons with the Broncos have been the two best consecutive seasons in fran-

But the Falcons are right. The Broncos can win this game without the quarterback being great, as long as the running back is.

If the Falcons try to stop everyone else and take a lead after three quarters and continue to forget about Elway, Only Marino has completed more, then he might pall off another winning drive like the one in last year's Super Bowl when he led the Broncos 49 yards thrown more touchdown passes. for the winning touchdown, in five Elway's place in football history is plays, with four handoffs.

2 Defenses, One Goal: Try to Stop the Run

Power Backs Anderson and Davis Hold Key

By Liz Clarke Washington Post Service

MIAMI - Super Bowl history shows that teams that can run the ball have the best chance of winning. The corollary is that the defense that can stop the run, in all likelihood; will go a long way toward delivering that victory.

Super Bowl XXXIII, which features

the National Football League's top two

running backs — Terrell Davis of Denver and Jamai Anderson of Atlanta --- should unfold as a case study in defending the each team's best have been poring over game tape of

Davis and Anderson these past weeks, looking for any tendencies or weak-nesses to exploit. Both backs had smuning success this

season. Davis became just the fourth player to gain 2,000 yards (he had 2,008); Anderson rushed for 1,846. Both were late-round draft picks and play as if they are still trying to prove the naysayers wrong. And both tend to improve as games grind on. But they are different athletes, with

different running styles. Davis, at 5 feet 11 (1.8 meters) and 210 pounds (95 kilograms), is capable of dazzling cutbacks and can be spectacular in the open field. Anderson, heavier by 24 pounds, trades more on raw strength supplied by massive legs, with which he can squat 670 pounds.

The method for containing each, however, will be similar. Expect both Denver and Atlanta to try plenty of movement along their defensive lines to confuse matters on Sunday. They'll also employ eight-man fronts to varying degrees, getting a safety involved. And both must tackle well in the secondary,

given each running back's ability to break through the line of scrimmage.

"We don't want anybody running the ball down our threats," said Rich Brooks, the Falcons' defensive coordinator. "If that happens, it demoralizes your football team.

Denver's defense has been phenomenal against the run in the postseason,

yards rushing each. But Anderson will be a handful. He is not as fast as Davis is, but he can break tackles and bulldoze over most secondaries.

Said Michael Booker, an Atlanta cornerback: "I would rather face Terrell Davis any day. Jamal will run to you just

That means Denver's safeties are in for a workout

'Steve, Atwater will hold up on him. but I don't know that Tyrone Braxton, will," said Mike Nolan, the Washington Redskins' defensive coordinator. "They're going to have to come up and tackle him. He is a big brute."

Above all, the Broncos will have to stay disciplined to contain Anderson. "We have to do the same things we've been doing - staying sound on our gap control and not trying to do too mnch," said John Mobley, a Denver linebacker. "At this point, it'll be hard

the big play. But you just have to play the defense." Atlanta's defense has been a surprise this season. No one is more gratified than Brooks, who took over when

to do because everybody wants to make

coaching staff, this defense was the laughingstock of the National Football League for at least five years," Brooks said. "They were in 28th, 29th or 30th position in most every defensive category for almost five straight years. And now they really take pride in being a good defensive football team."

Jessie Tuggle, a linebacker nick named "the Hammer," is a big reason the Falcons have the NFL's second

ranked defense against the run Remarkably fast Tuggle is so quick to the ball that he often shocks of fensive linemen Atlanta's de

fense, however, sure to be tested b Davis, the NFI player of year and the MVP of last year's Super Bowl.

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Once he makes a decision, he does 100 miles an hour downhill," Brook said. "He doesn't get up in there and ship back and forth. If there's a hole, he hits and you better get a hat and a shoulder pad on him and wrap him up, or he going to run right through your tackle.

Like Denver, Atlanta will move its

defensive players around in hopes of confounding the offense. They're apprepared to try an eight-man front, but will do so less than Denver will. "What we think is important,"
Brooks said, "is not to give Denver's offensive line the same look consis-

tently. We want to make them make adjustments." For the Falcons' defensive lineme it's imperative they shed Denver

blocks — something Brooks has preached since the NFC championship. "That's one thing that Denver does as well as anybody." Brooks said. "They maintain their blocks — mayor, not legally all the time. You need to shed the blocks because it's hard to make a tackle on Davis, if you're hanging onto the offensive lineman. You've got to have both arms free to make the

As always, there is the tactic of intimidation. Said Booker, the second-year corner

back: "You don't want Terrell Davis to think he's going to be running up and down the field without taking some big blows and some big hits. We'll have safeties, Eugene Robinson, and William liam White, come up and give him some hits even if he doesn't have the ball just to give him some knocks -- just to make him aware that someone is going to be on him every play."



Berstode: ESPN Canada: Global FV, TSN/RDS, Rogers Cable United States: Fox LEXTH AMMERICA/CARREBRAM Angellia, Autigna & Barbuda, Aruba, Barbadas, Beliza, Carribabean, British Virgin Islands, Carrena, Islands, Casta Rica, Demisica, Carrenada, Halif, Memberrat, Surinana, Tristidad & Tebuge: ESPN, Galaxy Lotin America Argentina, Belivia, Calle, Colombia, Ecuador, Guntemisla, Hondarta, Peruguny, Peru, Uruguny: Fox Sports Americas, ESPN, Galaxy Lotin America Babaduses: Bahamas Broadcast Corporution, Cable of the Bahamas, ESPN Boantra, Casgo, Cuba, Caracaa, Nevis, Scha, S.I. Bartheleny, S.I. Caristopher, St. Moantra, Terloka: ESPN, Bruzit: TV Bandelcuates, TV Mancheta, Fox Sports Americas. ESPN, Galaxy Lotin America SOURA N. V., Fuji Kores; Kör Maisysie: Tobal Sports New Zadland: Sky Network, ESPN Philipplanes: Studio 23 Singapore: TV 12 Tabrans: CTV Thailand: TV3 Auderru, Belgiun, France, Langs-bourg, Menoco, Netherlands: Conol+ Austria: DSF, ORF, SAT.1 Cyprus: Lumiere TV Germany: SAT.1, DSF, DF1 Greece: Super Sport Iceland: Chamtel 2/Syn Coach Dan Reeves arrived last season. Eugene Robinson, a Falcon defeni "Before we came to Atlanta as a sive back, practicing in Miami How to Win the Super Bowl: Keep Your Offense on the Field

South Africa: At-Net. ESPN

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Angola, Benin, Botswane, Burtino Fena, Burtodi, Cumernote, Cantiral Adrica Republic, Congs, Equitorial Guinea, Ethiopia, Cabon, Guntaid, Ghana, Gojona, Guinea-Bissou, Iran, Iran, Ivery Coest, Kasya, Lasoffa, Liberta, Madaguscar, Madayi, Masambiqua, Hambia, Higar, Nigaria, Sesegui, Seychellas, Sierre Laona, Soricama, Seruzianat, Tamzania, Toga, Transhei, Uganda, Zaira, Zaroba, Ziathachur; ESPN Behrais, Egypt, Jardan, Labanos, Oyana, Polestina, Gatta, Syric, United Arab Emirates, Yenese: Orbit-ESPN, Fox

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By Thomas George New York Times Service

MIAMI - It remains a piercing thought for Cornelius Bennett, now an Atlanta Falcon, once a Buffalo Bill. Actually, any choice among his Super Bowl memories is painful. Bennett and the Bills lost four straight Super Bowls in this decade, but we are talking about the first one.

Super Bowl XXV, January 1991. Giants 20, Bills 19. The last-second 47yard field-goal attempt by the Bills that missed wide right into a dark Tampa night eight years ago.
The Giants' offense had controlled

the ball so well that they finished with 40 minutes 33 seconds of possession time. That left Buffalo's offense holding the ball for 19:27. A gigantic difference. Yet, the Bills were so good that they still lost by only one point.

Both of these teams have the kind of offense, and especially the kind of running backs, to keep the ball in this game," Bennett said of the Denver-Atlanta matchup Sunday, "I don't think its going to happen because the defenses here are very good. But, man, whatever you can do to keep it like the Giants did in that game almost makes it certain you

"I remember a play where Mark Ingram broke five or six tackles against us that helped turn the game around. That's crazy. But that's what happens when your defense is tired. We're human beings. Every defense wants to stay as fresh as it can to perform at its highest level. But when you're on the field all of the time on defense, the mind says yes but the body says no."

running game are factors that help an offense establish possession time.

FIELD POSITION At what part of the field a team runs its offense often dictates whether its entire package of plays is a threat. When a team is on its own five-yard line, the opposing defense knows it can expect a short run or pass. At midfield, a defense can seldom overload expecting short stuff. Thus, field position greatly affects play-calling and whether a team can play ball control.

Solid field position comes primarily from special teams, big plays and turnovers. Denver's average drive start is at its 33. Tim Dwight has averaged nearly that for the Falcons with his 27yard kickoff return average.

Big pass plays also help. The average yards per pass attempt including yardage lost to sacks is the strongest indicator of a team's passing efficiency. Big strikes dramatically change field position. Here the Falcons (7.99 yard average) edge the Broncos (7.38 yard average).

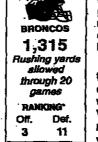
TURNOVERS Atlanta has the edge in turnovers. It has forced 44 turnovers, 14 more than Denver. Atlanta's total is first in the league while Denver ranks 13th. That differential derives solely from an edge in fumble recoveries (Atlanta has 25, Denver 11). In tackles, the Falcons often look first to force the ball free more than to make the tackle.

Both Atlanta and Denver excel at making a big return once they have gained a fumble or an interception. Both understand the big dividends of the re-

And though Atlanta has more turnovers than Denver, Denver is better at returning its thefts. On its 44

Matchup: Why Denver Will Win

Denver (16-2) vs. Atlanta (16-2)



Not only do Denver and Atlanta feature dominating running games, but they also possess gritty run defenses. This makes Super Bowl XXXIII a game of pure will. Which team will be able to exert its will, especially in the run game? Which will use that to force its style and completely color the complexion of the game? Is Terrell Davis the man? Jamal Anderson? The Denver defense or the Atlanta defense?

Well, both runners have had their way recently, but it is the run defenses that present the strongest hint of what is to come. Though the teams show only a 43-yard differential in rushing yards allowed (advantage Deriver), what has happened in their two playoff games says which is nottest. Versus San Francisco and Minnesota in the playoffs, Atlanta allowed 157 rushing yards. Versus Miami and the Jets, Denver allowed 28 rushing

FALCONS 1,358 Rushing yards allowed through 20 games RANKING*

There is so much character — Coach Dan Reeves, quarterback Chris Chandler, linebacker Jessie Tuggle and receiver Terance Mathis, just to name a few — among the Falcons. A spate of destiny and aura has developed among them this season and there is every reason to believe they will fight and make enough big plays in the passing game and on defense to create a stir. But this is what they face: a focused, machine-like team in Denver that smells greatness. A team that yearns for a chance to repeat as champions. A club that fully understands the minute, the moment and how to capitalize. A Broncos team that set club records this season in touchdowns (62), first downs (347), points scored (501), rushing yards (2,468), total offense (6,902), rushing touchdowns (26), highest average gain per play (5.9) and most passing touchdowns (32). That is a mouthful. Deriver is a handful.

"League rankings are based on total yardage gained on offense and allowed on detense.

fumble and interception returns. But But Atlanta has run it 92 more times Denver, on 30 turnovers, gained 438

RUNAING CAME Running the football is the best way to control the clock. It tires a defense. It keeps the game phys-

An offensive line feels like it is dictating the action when it can run effectively. Denver this season has run the Solid field position, turnovers and the turnovers. Atlanta gained 347 yards on ball 34 more times than it has passed it. per attempt.

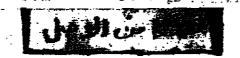
than it has passed it.

Rich Brooks, the Atlanta defensive coordinator, said that he looked at teams' average yards per rush attempt to learn "just how serious is its commitment the run or if the run is just window

Atlanta averages 4.1 yards per attempt. But Denver averages 4.7 yards

Atlanta and Denver are close in nearly every area of field position, tumovers and the running game.
Which team is best suited to possess the ball the longest in Super Bowl

How about the team that led in possession time this season. Deaver ranked fifth at 32:08. But Atlanta led the entire league in possession time with an average of 33 minutes 10 seconds per game.



Under Orders, Kafelnikov Reaches Final

MELBOURNE - Shortly before Yevgeni Kafelnikov left his wife Mascha and newborn daughter in Ger-many to head for the Southern Hemisphere, his wife said to him: "Don't go away for a month and only make the semifinals."

There are no guarantees in Grand fam tournaments in this egalitarian, hyper-competitive era, but Kafelnikov has taken his wife's directive to heart at this Australian Open: he is in the final. He made it on Friday with a 6-3, 6-4, 5 victory over Tommy Hass of Germany, and he will face Thomas Enqvist

of Sweden on Sunday. Kafelnikov is seeded 10th; Enqvist is not seeded at all. Neither has the sort of high international profile that will put casual tennis fans in a lather. This is not Pete vs. Andre, or even Michael vs. Marcelo, but for anyone who has sat through their matches at Melbourne Park over the last two weeks, it is clear that Yevgeni and Thomas deserve to be

the last men standing.

Both are approaching their 25th birthdays and are former members of the top six who struggled last year for different reasons: Enqvist because of a foot injury that required surgery, and Kafelnikov because of wounds that were largely

self-inflicted. A year ago, Kafelnikov missed this lournament after injuring his knee in a skiing accident (a year earlier, he missed it after breaking his hand hitting a punching bag). He then split with his ngtime mentor, Anatoli Lepeshin, and spent seven months without a coach and briefly considered retirement before hiring Larry Stefanki. Surprisingly, Kafel-nikov still decided to go skiing in

Australian Open/Christopher Clarry

December, but this time he emerged unscathed.

"Kafelnikov is clearly one of the most talented players in the world," said Tom Gullisson, the American Davis Cup captain, secently. "With him, it's a matter of how his mind holds up. Over the last three years, he has played more tennis than anybody, playing almost every week with no regard to building for a Grand Stam type of event and

peaking for the right moment."

To reach his first Grand Slam final, Enqvist had to ignore the ardent wishes of two very large crowds and beat the Australians Patrick Rafter and Mark

Philipponssis on Centre Court.
Karelnikov, the 1996 French Open champion, did not have quite as daunting a route, but he had to beat three fine. players in Jonas Bjorkman, Jason Stoltenberg and Jim Courier in the early rounds, survive a five-set struggle with Andrei Pavel, a backhand-whipping Romanian, and beat Todd Martin, the towering American who had won his last two tompaments.

That was just to get to Haas, the unseeded German who moved to Nick Bollettieri's Teanis Academy in Florida, at the age of 12 and developed his game on the same courts as Andre Agassi, Courier, Monica Seles, Anna Kournikova and no shortage of others. The son of a tennis coach, Haas has been driven to succeed from an early

age, and he has long been a precociously strong presence on court. What he has not yet learned is hit the right shot at the right time in a Grand Slam semifinal. Haas, only 20 years old,

showed sparks of great ability, often holding his own from the baseline with Kafelmikov, who reliabes taking the ball early and has the quick hands and feet to do what he reliabes successfully. But Haza would all too often go for a huge forehand or backhand from an off-bal-

ance position, and the sets gradually began to slip away.

"A couple of times, he was up break points on me, and I felt like he played supple shorts." Kafelnikov said. "He's playing the great shots at the wrong time and the important thing is to play time; and the important thing is to play the right shots in the important time of the matric That's probably what he's missing at the moment, but I'm sure he will leasn.

ill least.

If his been a week for learning experiences in Melbourne. On Thursday, after being upset by Amelie Mauresmo, a French teenager, in the semifinals, Lindsay Davenport, the No. 1 woman, said that playing Mauresmo made her think she was "playing a guy." She also commented repeatedly on Mauresmo's broad shoulders, big muscles and uncommon strength.

None of Davenport's comments were made in an accusatory tone, but in a month when Petr Korda's positive test for the steroid nandrolone has often overshadowed what happens on court, such references to a female player are loaded ones.

On Friday, after Davenport and her partner, Natasha Zvereva, lost to Hingis and Koumikova in the women's doubles final, Davenport said she had never meant to imply that Mauresmo's physique was the product of performance-enhancing drugs.
"I wasn't doing that at all; that didn't come into my thoughts at all," she

"I mean, look at Serena," she said, in reference to the powerfully built Serena Williams. "It's never come up with her possibly using. Some girls can get built like that, and that wasn't my intention at

Davenport also said she regretted the way her comments were reported: her quotes about Mauresmo made the front page of the main Australian newspa-

"Just a nightmare," she said. "If you look at what I said, it was directly meant

to be about her tennis."

"The point I said was nothing like,
'On she's a man,'" she added. "Basically, when I saw her play, it reminded me of a guy and how they play. That's honestly what I meant, and unfortunately it was taken the wrong way." Davenport said she felt "terrible."

"The girl is trying to play her first final and unfortunately she is now in a cloud of controversy that I shouldn't have started by trying to say something innocently," she said. Davenport said she would try to con-

tact Manresmo and express her regrets but was unsure if she would be able to reach her before she plays Hingis on Saturday. "I hope she can still play well to-

morrow," Davenport said. ■ Korda Wins Drugs Case

Korda won a court ruling against the International Tennis Federation Friday, The Associated Press reported from

A High Court judge ruled the ITF



Yevgeni Kafelnikov hitting a two-handed return to Tommy Haas during their semifinal match at the Australian Open on Friday.

could not take Korda to the Court of last year's Wimbledon. Arbitration in attempt to overturn a lenient sentence imposed on Korda by the ITF's own independent appeal commit-

Korda's attorney, Charles Flint, said the ITF had no right to appeal against the decision, which was "final and bindtee after his positive test for steroids at ing" on both sides.

SCOREBOARD

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15—40, Gentles: N.J. Brodeux. B-Oofbe.

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(So NA. 11 OCLA (15-4) det. Wilder, St. of-de 1. NA. bene - COLLINGES George Woshington 109, Duquesne 57 Ions 81, Rider 76 Long Island U. 75, Monmowth, N.J., 59 DePoul 65, South Florida 58 Georgia Tech 66, Clamaton 62 I neisland Tech 62, Adamstos 51, 75

iginio) 9, Colgary-Cassels 10 (Wemer, Gautrier) 10, C-Gimeur 12 Probert, Manelal) Third Period—17, C-Moreau 7 (White, Klayer) 12, C-Zhamsov 10 (Klayer, Mareau) Overliest Nors. Shots on See: C-12-14-9-2-37, Colgary- 19-12-9-0-40. Geoties: C-Fizzpairick, Thibouil. Colgary-Brathworks.

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Septs on goal: A-7-10-17-34. C-18-9-11-33. Goalles: A-Hebert. C-Roy.

St. Louis 2 8 3—4 Vancouver 17 1 9—2
First Period: S.L.-Young 9 (Tungson, First Period: S.L.-Young 9 (Tungson,

BASKETBALL NBA PRESEASON

U.S. COLLEGE SCORES

No. 3 Stanford (17-3) last to No. 13 Artenna No. 3 Supreme (14-3) 78-76. (14-3) 78-76. No. 5 Cincinnell (19-1) del. Xavier E7-77. No. 17 S/CLA (15-4) del. Wash. St. 69-66. (1840-1818 COLLINGES)

Continue to

Volparaiso 72, Coldand, Mich. 69
Rice 84, Southern Meth. 79, CT
Teags-E1 Peace 87, Beighean Young 72
Arizona St. 69, Collivaria 66
Colorado St. 93, Air Force 76
Fresan St. 101, Son Diego St. 80
Portland 65, Son Froncisco 51
Sos Jose St. 70, Howall 55
UNLY 96, Wyoning 75
Utah St. 92, North Teace 61
Washington BS, Southern Cal 83

100 2.8 No. 1 Tega. (18-1) def. No. 4 Ga. (18-2) 95-79. No. 6 Colorulo St. (71-1) def. Air Force 97-32. No. 8 UCLA (16-4) def. Woshington 90-52. No. 14 N. Corol. (19-4) def. Horido St. 47-76. No. 15 Consuste (17-1) def. Maryland 53-65. No. 16 Joues St. (14-2) def. Nebrusko 77-53. No. 16 Joues St. (14-2) def. Nebrusko 77-53. No. 17 Asthern (16-3) def. Alkedeskopi 77-62. No. 19 V. (14-5) def. Wolke Forcet 61-50. No. 22 Akthema (13-4) def. LSU 77-64. No. 22 Akthema (13-4) def. LSU 77-64. No. 25 UC Sorita Barbara (14-3) def. Cef St. Pullerton 102-60.

YOU SAW WHO

60 GET WHO

YOU SAW!

CRICKET

MIDIA YS. MAKINTAN ERST TEST, SECOND DAY FREDAY IN MADRAS, NOM : 238 and 34-1

Bod Sgirt forced on early close. MIGLAND VS. SMI LANKA LINGTED OVERS MATCH FROAY & PERTH England: 227-7 England: 223-7 Sri Lanka: 99 all out England was by 128 runs.

SKATING EUROPEAN CHAMPIONSKIPS THURSDAY SI PRAGUE

carg. 2. Yesgany Plushenko, Russia, 42. 3. Alacel Urmanov, Russia, 44. 4. Audreas Vlascenko, Germany, 84. 5. Laurent Tobel, France, 10.8.

SOCCER

the little and in the contract of the little being ation. of right Florentina 1, Atalanta 0 (aggregate 3-3; Florenti away goals, 2-0)

> TENNIS AUSTRALIAN ÖPEN FREDAY IN MELBOURNE

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Martina Hingls, Switzmann,
numikowa CS, Russia, del. Lindsoy Dursport. Newport Beach, Colff., and Natissha
2 Neserva (1). Belarus, 7-5. 6-3.
Neserva Decilia Es
Semirala.
David Adams and Martan De Swardt,
South Africa, del. Ellis Fernira, South Africa.
The Debbie Graham, Newport Beach, Colff.

wAS }

Pain Beach Gardens, Fig., def. Publo Al-bano, Argentino, and Monon Boilegraf, Neth-

TRANSITIONS

RECEPTU AMERICAN LEA TEXAS Agreed to terms with RHP Tim HATTOHAL LEAGUE MILWARKEE—Agreed to terms Mark Loreits on 1-year contract.

BASESTIALL MATIONAL BASKETBALL ASSOCIATION SEATTLE—Wolved F Will Brondley, F Phil Corivelent and C Chris Welp.
FOOTBALL
MATIONAL FOOTBALL LEAGUE

CHICASO —Nomed Greg Blochs defensive coordinator, Gary Crowton offensive coordin-ator, and Rex Nonts defensive line coordin-SPATTO R. Fined Jim Whitesel, trainer, one Todd Sperber, assistant trainer, Named Paul Federici trainer and Stump Mitchell running

NATIONAL HOCKEY LEAGUE ANAMENIA-Assigned G Politick Lolling to Kontros City, IHL.

CHICAGO --Acquired C Josef Marko from the Anohelm Mighty Ducks for future Conthe Ancheim Mighty Ducks for future con-siderations. Recalled C Todd White from Chicago, IHL. LOS ANGELES —Activated C Ray Ferroro

MASSYVILLE-Recorded C Rob Volicevic from Houston, IHL and C Mark Mowers from Milleguisse, IHL, Loaned F Brod Smyth to Hartford, AHL Acquired G Kay Whitmore on

PHOENIE - Assigned RW Stephen Leoch, C Trever Letowski and C Rob Murray to Spring-field, AHL Recalled C Tayls Hansen from

COLLING CONTROL OF Steve Logan, football coach. I year through 2003 season.

LOUISLANA TECH—Announced the resigna-

thall coach, at least 1 more game.

THE WEEK AHEAD

SATURDAY, JAN. 30 AMERICAN FOOTBALL, Microi -- Pro Footboll Hall of Fame elections announced.

Football Hall of Fame elections announced.

BOBBLED, St. Morftz. Switzerland —
World Cup, 2-man, 4-man, to Jan. 31.

CRUCCUET, Port Elizabeth. — South Africa
Vs. West Indies, 4th 1-day international.

FROURE SMATTERS, Propue Creck R.—
European Championships, to Jan. 31.

WINETERS &PORTYS, Poprod-Tatry, Storedda — Winter University Games, to Jan. 30.

BOOLS, Scottadale, Arbane — men,
Phoenix Open, to Jan. 31.

Protein, Australia — men, Heinekan Classic,
to Jan. 31.

r John Coast, Hawaii — seniors. Senior Idina Game, to Joh, 31. LUCUS, Koenigsses, Gentany — World hamplooships (ortificial track), to Jan. 31. RUGGY UNION, Genos, Italy — Italy Vs.

REAGENY LERNONE, Genon, Haly — Holy vs.
France, test.
Dubjin, freiend—Colomiers (France) vs.
Ulster (Northern Instanci).
SPRINDSELETTIBLE, Berlin, Germany —
mort, women, World Cop, to Jan, 31.
SECIONA, Vall, Colomato — mers, women.
World Alpine Championestibles to Feb.
14, Freestyle World Cop, Blockcomb, Contoin — mers, women to Jan, 31. Meetic Combined
World Cop, Choex Nerve, Franco-Le
Brasses, Melbourne, Americalin — Appriation Open, women's singles finot, men's

SUNDAY, JAN. 31

AMERICAN POOTBALL, Microi — Super ACHIERTES, CARRO, SOPON — COOK IN-emotional Women's Marstration.

otherest. Ferth, Australia — one-day ieries, Australia vs. St Lonka,
Wartens SPORTS, Kargwon, South Ko-ea — 4th Asian Winter Games, to Feb. 7.

Monday, Feb. 1 SOCOURS, Borcelons, Spoin — FIFA, 1998
FIFA World Player Assards.
THEOMES, Tokyo, Japan — women, WTA
TOUT, Torry Pan Pocific Open, to Feb. 7.
Manselle, France — met, ATP Tour, Marsello Open, to Feb. 7.

TUESDAY, FEB 2 GRUCIOST, Cope Town, South Africa — South Africa vs. West Indies, fifth one-day

WEDNESDAY, FEB. 3

SOSSELED, Corting d'Ampezzo, Holy -Nortd Championships, to Feb. 14. crucect, Sydney, Australia — One Day Series, England vs. Sri Lanka CYCL 1900 , vorious sites, Maloysia-Tour de Langkawi, to Feb. 14, 800057, Madrid, Spain — Copa d fourth round, second leg.

THURSDAY, FER. 4 BEATHLON, Konticipatif, Finland — men, romen, 180, World Championships, to Feb.

km, second test, to Feb. 8. aolir, Kusio Lompur, Malaysio — Euro-son PGA, Molaysian Open, to Feb. 7. Pebble Beach, Culifornia — men. U.S. PGA Four, Pebble Beach National Pro-Am, to Feb. Sydney, Australia — men. Aus GA, Greg Norman International to Feb. 7.

FRIDAY, FEB. 5 BASKETHALL New York -- NRA SEGSOO CRECKET, Bloquioniele, South Africa --

South Africa vs. West Indies. fifth one-day GOLF, Key Biscoyne, Florida — men, U.S. Senior PGA Tour, Royal Caribbean Classic to

Feb. 7. RUGARY Unitides, Dublin, Ireland — IRB, Pive Nations, Ireland vs. France. Ediaburgh, Scotland — Five Nations, Scot-

SOCIOER, Jocksonville, Florida — exhibition, United States vs. Germany.

SPINEDSSATTING, Hamas, Norway —
World Speedskating Championships, to Feb.

SUNDAY, FEB.7 RICAN FOOTBALL, Honolulu CHOICE, Pretoria, South Africa

day international South Africa vs. West in-Australia vs. Sri Lenta. Figure statem, Soff Lete City — U.S.

After Changes, Canucks Lose

The Associated Press Marc Crawford's debut as coach changed nothing for the Vancouver Canucks.

The Canucks lost 4-2 to the St. Louis Blues, Thursday night and have won just twice in their last 14 games. They were playing their first game since Crawford replaced Mike Keenan as coach. It was also the home debut for Dave Gagner and Ed Jovanovski, acquired in a deal that sent Pavel Bure to Florida.

Devils 2, Bruins 0 Martin Brodeur stopped 40 shots for his third shutout of the season as New Jersey won in Boston. Predators 4, Sabres 2 Blair Atcheynum's goal midway through the third period gave Nashville victory in Buffalo.

Harricanes 3, Rangers 2 Gary Roberts scored with 1:42 left in overtime as Carolina beat New York. Flyers 4, Coyotes 2 John Le-

Clair scored his NHL-best 28th and 29th goals as Philadelphia beat visiting Phoenix. Penguins 6, Maple Leafs 0

Jaromir Jagr had a shorthanded goal and three assists as Pittsburgh beat Toronto. Avalanche 6, Mighty Do 2 In Denver, Colorado beat

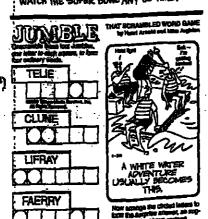
ning streak to seven. Blackhawks 6, Flas Chicago overcame a twogoal, third-period deficit to tie in Calgary.

Anaheim stretching its win-

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BEETLE BAILEY

OTTO, YOU

were Here!

1-30

















A STATE OF THE STA





CALVIN AND HOBBES















NON SEQUITUR









Violence and Fractures

MIAMI — Since nobody else has been able to, I came up with a plan for dealing with Saddam Hussein.

As you know if you pay attention to foreign affairs, Saddam Hussein is the head honcho of Iraq, which may or may not be the same country as Iran. We hate Saddam because he's always going on TV and smirking and saying things about us.
We're not sure what he says, because he deliberately speaks in
a foreign language, but a classified Central Intelligence Agency analysis recently leaked to The New York Times said, "We think one of the words is 'wienerheads."

Every few months we, as a nation, just get FED UP with Saddam, and we fire a batch of high-tech, extremely accurate missiles ... supplied by concerned taxpayers for roughly \$1 million per missile ... at strategic buildings in Iraq. Then our leaders display aerial photographs showing that we have destroyed these buildings, vanquished them, really kicked their butts. This makes everybody feel better for 25 minutes, then we see Saddam on the tube AGAIN, wearing his stupid beret, until finally we just can't STAND it any more and we whack some MORE Iraqi buildings.

Perhaps you're wondering: "Why are we shooting build-

ings? Why don't we aim these extremely accurate missiles at Saddam? Or, better yet, why not take care of the problem by giving the million dollars, in unmarked bills, to an extremely accurate person with a name like Vincent (Vinny

Perhaps you're wondering: Why are we shooting buildings?

The Polyp) Sarcoma?" The answer is that, under federal law, we are not allowed to kill a foreign leader, even if he is really ticking us off. We can kill OTHER people who happen to be in the foreign leader's country, especially if they are inside the buildings we shoot. But legally we may not kill the actual foreign leader personally. This may not make a ton of sense, but it's federal law, and we must obey it, just as we must obey other federal laws that we do not understand. (Speaking of which, Kenneth Starr has obtained evidence strongly indicating that Bill Clinton and Monica Lewinsky DlD, on Dec. 3, 1997, at approximately 4:42 P.M., remove the tag from a mattress; you will hear much more on this in the months and years to come.)

So this is the problem: We can 't shoot Saddam, and it doesn't

seem to bother him when we shoot his buildings. Is there a solution? Yes. It is a solution that requires us to unleash a force that, frankly, most of us would rather not even think about ... perhaps the most feared, the most evil force that the human race was ever foolish enough to create. That's right: plumbing.

I conceived of this plan after receiving a fascinating document from alert mechanical engineer Keith Ritter. The document was written by Julius Ballanco, president of JB En-gangering and Code Consulting; it was published in the Octoher 1998 issue of PM Engineering, and it is entitled "Vi-olently Fracturing Water Closets," which I assume I do not need to tell you would be an excellent name for a rock band.
"Violently Fracturing Water Closets" begins with a
chilling story: "An individual flushes a toilet in a high-rise building and is injured by fly-

Wouldn't The Flying Shards be an excellent name for a rock band?

ing shards of vitreous Needless to say, this incident raised a question in Ballanco's mind, namely: Wouldn't The Flying Shards also be an excellent name for a rock band?

No, seriously, the question it raised was: What caused the water closet to fracture violently? This question led to a series of experiments at (I am not making any of this up) the Stevens Institute of Technology in Hoboken, New Jersey, in which different amounts of pressurized air were introduced into a plumbing system. The result was several pages of extremely scientific-looking charts and graphs, plus a really cool timesequence photograph of a toilet exploding

Here is the question: We cannot legally kill a foreign leader, but does it state, anywhere in our body of federal law, that we cannot cause a foreign leader's commode to fracture violently while he is using it? To answer that question, I called the U.S Supreme Court, but it was Sunday during the NFL playoffs and nobody answered. I view that as a ruling in my favor. If the Supreme Court had wanted to, it could easily have had a recording saying something like, "We are not in session today, but it is illegal to blow up Saddam Hussein's toilet."

So I say we get our top military and plumbing scientists high-tech computerized "smart" air-pressure delivery system targeting Saddam . . . or, as he will come to be scomfully called behind his back, "Shard Butt." THAT would wipe the smirk off his face and cause him to come running to the bargaining table!

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War of Words Embarrasses Washington's Mayor

By Melinda Henneberger New York Times Service

WASHINGTON — The forced resignation of an article and article article and article article and article article article article and article arti nation of an aide to Washington's new black mayor, Anthony Williams, has become an embarrassment to the fledgling mayoral administration. The aide, David Howard, who is white, resigned after his use of the word "niggardly" was construed as a racial slur.

Howard, recently appointed head of the Mayor's Office of the Public Advocate, used the word in a Jan. 15 budget discussion with two co-workers, saying, "I will have to be niggardly with this fund because it's not going to be a lot of money." Linguists say that word, which means "miserly," is derived from a Scandinavian word and has no racial overtones or link to the racial slur it sounds like.

But by the time Howard resigned this week, he was being inundated with calls from blacks in the District of Columbia who believed he had used the actual racial slur.

Now, the incident has captured national attention, divided some black leaders, incensed conservatives and outraged the gay community, where there is feeling that Williams should have given Howard, his first openly gay appointee, a minute to explain before sending him on his way.

On Thursday, Julian Bond, chairman of the National Association for the Advance- group?' ment of Colored People, weighed in, saying it was Williams who had been "niggardly in his judgment on this issue."

"You hate to think you have to censor your language to meet other people's lack of understanding," he said. "This whole episode speaks loudly to where we are on issues of race. Both real and imagined slights are catapulted to the front burner.

When Howard, a 44-year-old former restaurant manager who ran Williams's volunteer office during the campaign, offered his resignation, the mayor immediately accepted. Williams said later, "I think it was appropriate that he resign," and he compared what Howard said to getting "caught smoking in a refinery that resulted in an explosion."

Now, some community leaders are arguing that anyone insensitive enough to use a word that could be so easily misconstrued should be out of a job.

past president of the mostly black National House reference division, said that for the of a job over such an inelegant word choice. does it end?"



David Howard, an aide to Mayor Anthony Williams who was forced to resign.

line with a phrase inappropriate to that

Others are pleading for a little compassion. H. Patrick Swygert, president of Howard University, said he hoped people would realize that they needed to "at least count to three" before jumping to conclusions.

opportunity to put this in context," he said.
"It would appear there was no intent to inflict pain. Should this be fatal for a budding public official? I don't think so."

Predictably, the issue was a hot one on conservative talk radio, where it inspired fresh outrage on the excesses of political correctness. "Some poor overeducated slob loses his job over a Swedish word and Bill Clinton keeps his job after perjury and ob-struction of justice," conservative talk-show host Rush Limbaugh said on the radio Thursday. "Go figure."

"Do we really know where the Norwe-gians got the word?" asked Keith Watters, and former editorial director of Random

Bar Association. "And how would another record, the word goes back to the 14th cenethnic group react if you came close to the tury Scandinavian "niggard," meaning miser, thus preceding by hundreds of years the circa 1700 Latin word "niger," or black, that the offensive term derives from.

"There's no connection between the

two," Steinmetz said. But in another recent dust-up over the same word, The Dallas Morning News last "Apparently, we're at a point in time that even an official who as far as I can see has no history of this kind of conduct still has no accused a black chef of being "niggardly" with his use of spices

"A chunk of our readers apparently did not know what the word meant and took it as a racial reference," said Stuart Wilk, the paper's managing editor. "It wasn't a good word to use. We're in the communication business and in 1999 that word does not communicate as well as some other equally good words." As for Howard, he is so contrite that he sounds apologetic about even knowing the word. "I learned it for my SAT test as a

junior in high school," he says, miserably. He remains loyal to the mayor and is himself, he says, saying he deserves to be out decisive enough on this" he said. "Where

"I used bad judgment in using the word niggardly. It's an arcane word that's un-familiar to a lot of people and I can see how. someone not familiar with the word could perceive it differently. You have to be able to see things from the other person's shoes and.

I did not do that." He said that immediately after using the word, he saw the startled looks on the faces of both of his colleagues in the meeting, conwhite and one black. The white colleague. Jack Panning, seemed to accept his explanation, he said, while the other, Marshall Brown, stormed out and would not let him explain. (Neither could be reached for comment either at home or work, where the mayor's new redesigned ombudsman's of

fice wasn't answering.) But if he is not fighting for his job, others

In a letter to the mayor, 22 local gay activists furious on his behalf wrote, "The facts have to count. If we fail to distinguish between decent people and bigoted people, if we acquiesce in treating the former like the latter, then we sent a poisonous message to the people of this city, not to mention an illiterate message to our schoolchildren.

"David Howard is the one owed an apology," said Rick Rosendall, a prominent gay activist who signed the letter. "The mayor has been making incredibly lame statements defending the fact that he accepted his resignation without even looking into it first. The fact that he would cave in like this doesn't

bode well for his leadership."

At a community meeting Thursday night. Williams walked away from a reporter who asked him about the matter. A spokeswoman, Peggy Armstrong, said only that 'his position is that in this environment it may have been poor judgment for someone in his position to use that word, and based on that, he accepted his resignation.'

Under pressure from the gay groups, Williams has said he will review the situation, to see if there was any wrongdoing by Howard, and may offer him a different city post if there was not. The review is to be completed

quickly, by next Monday.

"It suggests some instability" on Williams's part, said City Council member Kevin Chavous. Chavous suggested that there must be more to the story, or Williams would surely not have accepted the resignation. But spending most of his time at home kicking in any case, "I don't think the mayor's being

PEOPLE



Prince Charles and Camilla Parker Bowles.

T last giving Britain's photograph-A T last giving primary s primary and the picture they have been seeking for years, Prince Charles and Camilla Parker Bowles, his long-time lover, made their first public appearance together in a blitz of photo flashes and clicking cameras. The two had strived separately at the Ritz Hotel in central London for the 50th birthday party of Parker Bowles's sister, Annabel Elliott, after days of speculation that this would be the night they went public as a couple. About 150 photographers, many of whom had staked out their positions the day before, waited eagerly across the road from the botel steps. The couple emerged just before midnight Thursday, and walked down the steps of the Ritz to a bombardment of flashbulbs. Charles put his arm around Parker Bowles to steer that the press pack had prayed for.

Larry Fortensky, one of Elizabeth Taylor's former husbands, fell or iumped from his condominium balcony in San Juan Capistrano, California, and

remained hospitalized in critical condition, ABC television reported. Fortensky and Taylor were divorced in February 1996. The construction worker and the actressimet while undergoing treatment for substance abuse at the Betty Ford Center in California

A judge ordered Los Angeles Magazine to pay Dustin Hoffman a further \$1.5 million for running computergenerated photos of the actor in a dress and high heels. The decision brings the total damages over the incident to \$3 million. In a fashion spread, the magazine used without permission Hoffman's image from the film "Tootsie," in which he played an unemployed actor who gets a job disguised as a woman.

The Christina O, the yacht that once belonged to the late shipping magnate Aristotle Onassis, is to set sail again, but this time for seafarers who can afford a \$3 million cruise into the next

millennium. The 100-meter (330-foot)

yacht, refurbished in Greek shipyards as a floating palace, will set off Dec. 15 for a monthlong cruise that will cost \$3.2 million dollars a head. Renamed after Onassis' daughter, who died in 1988. the yacht was the scene of the Greek billionsire's love affair with the opera star Maria Callas and of his honey-moon with Jackie Kennedy.

The family of the filmmaker Alan Pakula is offering a reward to anyone who can shed light on the freak highway accident that killed him. Pakula, who directed "All the President's Men" and "Sophie's Choice," died Nov. 19 when a steel pipe apparently fell off a truck and crashed through the windshield of his car. Pakula's family ran an ad in Newsbased on Long Island, New York, offering an unspecified reward to anyone who can identify the driver of the truck. "It's not about money finding out what happened to the man we said Bob Boorstin, Pakula's stepson, "and trying to make sure that this never happens to another family."



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